



GASCOYNE
RESOURCES LIMITED

ANNUAL REPORT 2018

2018

GASCOYNE RESOURCES LIMITED

is an ASX listed gold producer with assets and exploration tenements in Western Australia.

The company has more than 2.3 million ounces of contained gold combined across its three premier assets, the 100% owned Dalgaranga Gold Project, the Glenburgh project and the Egerton project. All assets are located in close proximity to one another and within the highly prospective Gascoyne region of Western Australia.



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The 2018 annual general meeting of Gascoyne Resources Limited will be held on the 29 November 2018 at the Celtic Club, Perth, Western Australia

GOLD PRODUCTION

First gold pour from Dalgaranga Gold Project achieved May 2018.



2.3 MILLION OUNCES

of contained gold combined across its three premier assets



Increased Mining Inventory to

652,000 OZ GOLD

over the **6+ YEARS** of mine life



This year was a period of enormous transition for Gascoyne Resources Limited culminating in our first gold pour from the Dalgaranga gold mine in late May 2018.

CHAIRMAN'S REVIEW

Dear Fellow Shareholder,

The 2017-2018 financial year was a period of enormous transition for Gascoyne Resources Limited culminating in our first gold pour from the Dalgaranga gold mine in late May 2018.

In the twelve month period, we completed the debt and equity financing of the project announcing financial close and first loan drawdown in December 2017, and completed the construction of the mine village, airstrip, processing plant, power station, and other site facilities ahead of time and under budget. Pre-production mining commenced in March 2018, and we started ore commissioning in May 2018. On 25 July 2018 we announced that the mill performance test on the new 2.5 million tonnes per annum process plant at Dalgaranga was passed. Our experienced development team led by Ian Kerr have done a highly commendable job in delivering the project.

During the past year we also increased the Mining Inventory to 652,000 oz gold over the 6+ years of mine life at Dalgaranga with the inclusion of the Sly Fox discovery into the Mine Plan. We now look forward to production ramping up and Dalgaranga becoming a long life, profitable production hub for the Company.

Following our exploration successes last year at Dalgaranga, notably the Gilbeys South and Sly Fox discoveries, we announced new discoveries at the Greencock prospect (on a newly acquired tenement to the north of the mine) and at the Plymouth prospect around 150 metres from the Sly Fox open pit. We also identified strong mineralization outside current pit shells at Gilbeys South and Sly Fox. Subsequent to the end of the year we announced some extremely high gold grades from first pass RC drilling at the Tanqueray prospect, less than 2km from the processing plant.

We resumed exploration drilling at the Glenburgh Gold Project, our second +1 million ounce gold project in Western Australia, announcing strong gold intersections from the Torino and newly named Thunderbolt deposits and also reported a new high grade discovery post year end at Cobra.

We farewelled two of the Company's inaugural Directors as part of ongoing board renewal, with Gordon Dunbar and John Den Dryver retiring during the year. Ian Kerr joined the Board as an Executive Director, now managing operations as well as development, with Sally-Anne Layman who joined the Board in June 2017. This renewal process will continue as we target a skills mix on the Board that better reflects our producer status.

We also continued to strengthen our management team as we made the transition to mining. Additional key management appointments included new CFO Mike Ball and Registered Mine Manager Chad Moloney joining the Company.

On behalf of all shareholders I would like to thank Gascoyne's management, technical, and administrative team, contractors and advisors for their substantial achievements this year.

Yours faithfully,



Rodney (Mike) Joyce
Chairman

REVIEW OF OPERATIONS

Gascoyne Resources Limited (Gascoyne Resources, Gascoyne or Company) is a gold mining and exploration company with an experienced Board and Management team aiming to create shareholder wealth from its existing mineral assets, as well as examining new opportunities to add to the value proposition for our shareholders.

The Company and its controlled entities hold mining leases and exploration licenses and applications totaling approximately 4,000km² in the Gascoyne and Murchison regions of Western Australia (see Figure 1).

The immediate priority has been moving the DGP through construction and into production as quickly and safely as possible.

During the year, the Company was able to push aggressively forward with construction of the Dalgaranga Gold Project (Dalgaranga or DGP), while maintaining an aggressive exploration programme at Dalgaranga and the Glenburgh Gold Project (Glenburgh). The immediate priority has been moving the DGP through construction and into production as quickly and safely as possible. The construction of the project went very smoothly with the commissioning of the processing plant commencing in May 2018 around 6 weeks ahead of schedule, while also remaining significantly under budget. At Glenburgh and the Mt Egerton Project (Egerton), the priority remains on building on the gold resources, and refinement of a number of key areas identified in the development studies and ongoing exploration. Glenburgh and Egerton provide an excellent organic opportunity to increase the Company's production profile from 100,000 ounces towards 200,000 ounces per annum.

Glenburgh and Egerton provide an excellent organic opportunity to increase the Company's production profile from 100,000 ounces towards 200,000 ounces per annum.



Figure 1: Gascoyne Resources Limited, Gascoyne and Murchison tenement locations

DALGARANGA - WESTERN AUSTRALIA

ML 59/749, L59/141, 142, 151, 152, 153 and EL 59/2150 & 59/2053 - Gascoyne Resources Limited 100%, EL 59/1709, 59/1904, 59/1905 & 59/1906 & 21/195 - Gascoyne Resources Limited 80%

PROJECT SUMMARY

- 1,000km² tenement area located in the Murchison region of WA
- Measured, Indicated and Inferred JORC (2012) Mineral Resource of 31.1Mt @ 1.3 g/t for 1,320,000 oz Au
- Proved and Probable Ore Reserve (JORC 2012) of 15.3Mt @ 1.3 g/t for 612,000 oz Au

PROJECT BACKGROUND

The DGP is located approximately 70km by road NW of Mt Magnet in the Murchison gold mining region of Western Australia (Figure 1) and covers the majority of the Dalgaranga greenstone belt. After discovery in the early 1990's, the project was developed from 1996 to 2000 by Equigold NL in joint venture with Western Reefs NL and produced 229,000 oz's of gold from primarily the Gilbeys deposit (4.4Mt @ 1.5 g/t gold) with reported cash costs of less than \$350/oz. A small amount of gold was also mined from gold-rich laterites at the Golden Wings, Vickers and Bombay areas.

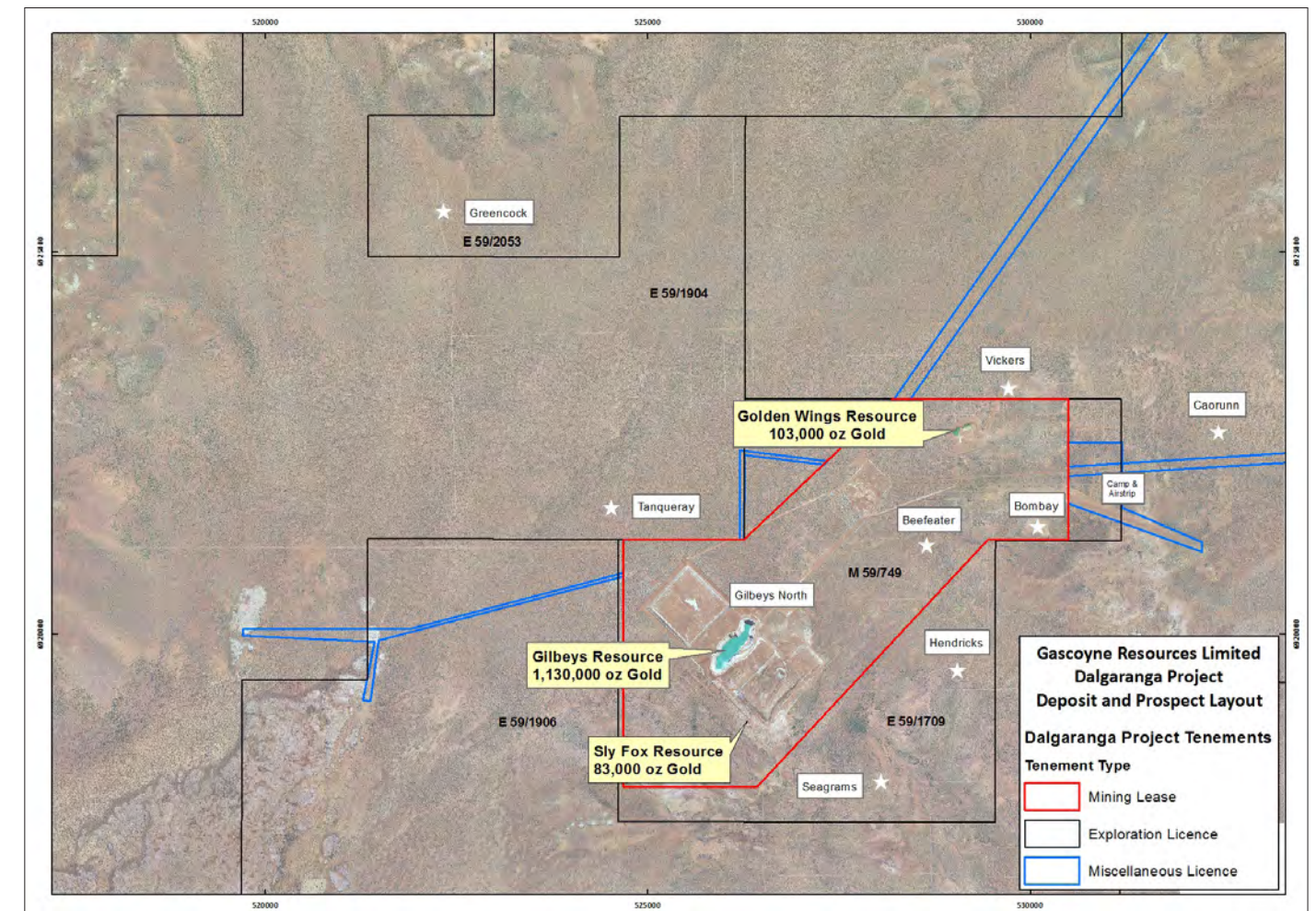


Figure 2: Dalgaranga project location

MINERAL RESOURCES & RESERVES

The DGP contains a JORC 2012 compliant, Measured, Indicated and Inferred Mineral Resource (inclusive of Ore Reserves) of 31.1Mt @ 1.3 g/t gold for 1,320,000 ounces (see Table 1 for Mineral Resource classification). Mineral Resource estimation was completed in August 2017 (see Table 1) by RPM Global Holdings Limited (RPM), an external and leading independent resource consultancy (See ASX announcement 7th August 2017 titled “Dalgaranga – Sly Fox Resource and Exploration Update” for further details on the Mineral Resource). The 2018 Mineral Resource remains unchanged since the August 2017 estimate was completed.

As part of the Feasibility Study that was completed in 2016, an initial Proved and Probable Ore Reserve was estimated. This Ore Reserve was then updated once the updated Mineral Resource estimate was completed in August 2017 (see Table 3 for Ore Reserve breakdown). The current Proved and Probable Ore Reserve is 15.3Mt @ 1.25 g/t gold for 612,000 ounces (see Table 2 below for Ore Reserve breakdown). The updated Ore Reserve was estimated by Mining Focus Consultants Pty Ltd, an external and independent mining consultancy (see ASX announcement 16th November 2017 titled “Dalgaranga – Mine Plan Increased to over 650,000oz” for further details on the Ore Reserve).

Table 1 – Dalgaranga 2018 mineral resource estimate

Type	Measured			Indicated			Inferred			Total		
	Tonnage Mt	Au g/t	Au Ounces	Tonnage Mt	Au g/t	Au Ounces	Tonnage Mt	Au g/t	Au Ounces	Tonnage Mt	Au g/t	Au Ounces
Laterite				0.6	1.1	19,500	0.02	0.7	500	0.6	1.1	20,000
Oxide	0.2	1.6	8,000	1.8	1.7	97,000	0.8	1.4	40,000	2.8	1.6	145,000
Transitional	0.5	2.1	30,000	1.2	1.4	57,000	0.5	1.5	25,000	2.2	1.6	112,000
Fresh	2.2	1.4	94,000	12.6	1.2	503,000	11.0	1.3	445,000	25.7	1.3	1,042,000
Total	2.8	1.5	133,000	16.2	1.3	676,500	12.3	1.3	510,500	31.1	1.3	1,320,000

Note:
The Mineral Resource has been compiled under the supervision of Mr. Shaun Searle who is an employee of RPM and a Registered Member of the Australian Institute of Geoscientists. Mr. Searle has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.

All Mineral Resources figures reported in the table above represent estimates at 14th June 2017. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.

Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).

Table 2 – Summary of Dalgaranga June 2018 ore reserve estimate (100% basis)

Ore reserve category	Tonnes (Mt)	Gold grade (g/t)	Contained gold ounces
Proved	2.9	1.36	127,000
Probable	12.4	1.22	485,000
Total ore reserve	15.3	1.25	612,000

Note: Totals may not add due to rounding

Table 3 – Summary of Dalgaranga June 2017 ore reserve estimate (100% basis)

Ore reserve category	Tonnes (Mt)	Gold grade (g/t)	Contained gold ounces
Proved	2.9	1.36	127,000
Probable	11.4	1.24	455,000
Total ore reserve	14.3	1.24	581,000

Note: Totals may not add due to rounding.

MINERAL RESOURCE & RESERVE GOVERNANCE STATEMENT

The Dalgaranga Mineral Resources are reported as at 7th August 2017. The Mineral Resource estimates have not been updated since August 2017.

The Proved and Probable Ore Reserve estimate was completed as part of the Feasibility Study that was completed in 2016. The current Ore Reserve was estimated in November 2017 following a Mineral Resource estimate update that was undertaken in August 2017.

Governance of Gascoyne’s Mineral Resources and Ore Reserves development and the estimation process is a key responsibility of the Executive Management of the Company. The Managing Director of the Company oversees the reviews and technical evaluations of the Mineral Resource and Ore Reserve estimates.

The Company has a number of governance processes in place to manage the Mineral Resource estimates and Ore Reserves in line with industry best practice. All Mineral Resource and Ore Reserve estimates are prepared by qualified professionals following JORC Code compliant procedures that ensure representative and unbiased samples are obtained with appropriate QA/QC practices in place. Mineral Resource estimates for the Dalgaranga deposits are based on information compiled by Mr Shaun Searle, who is a geological consultant employed by RPM. The results of the estimation are then peer reviewed by both the independent consultants and by Gascoyne. The Ore Reserves were compiled by Mr Harry Warries who is a qualified mining engineer employed by Mining Focus Consultants Pty Ltd. The Ore Reserve is peer reviewed by both independent mining consultants and by Gascoyne.

DALGARANGA ACTIVITIES

During the year, the focus for the Company was the construction and development of the DGP. The activities included construction of a new 2.5Mtpa CIL gold processing facility, construction of tailings storage facility, evaporation ponds, construction of a 240 person camp and all the associated facilities to support the mine and commencement of mining and processing operations (See Figure 3).

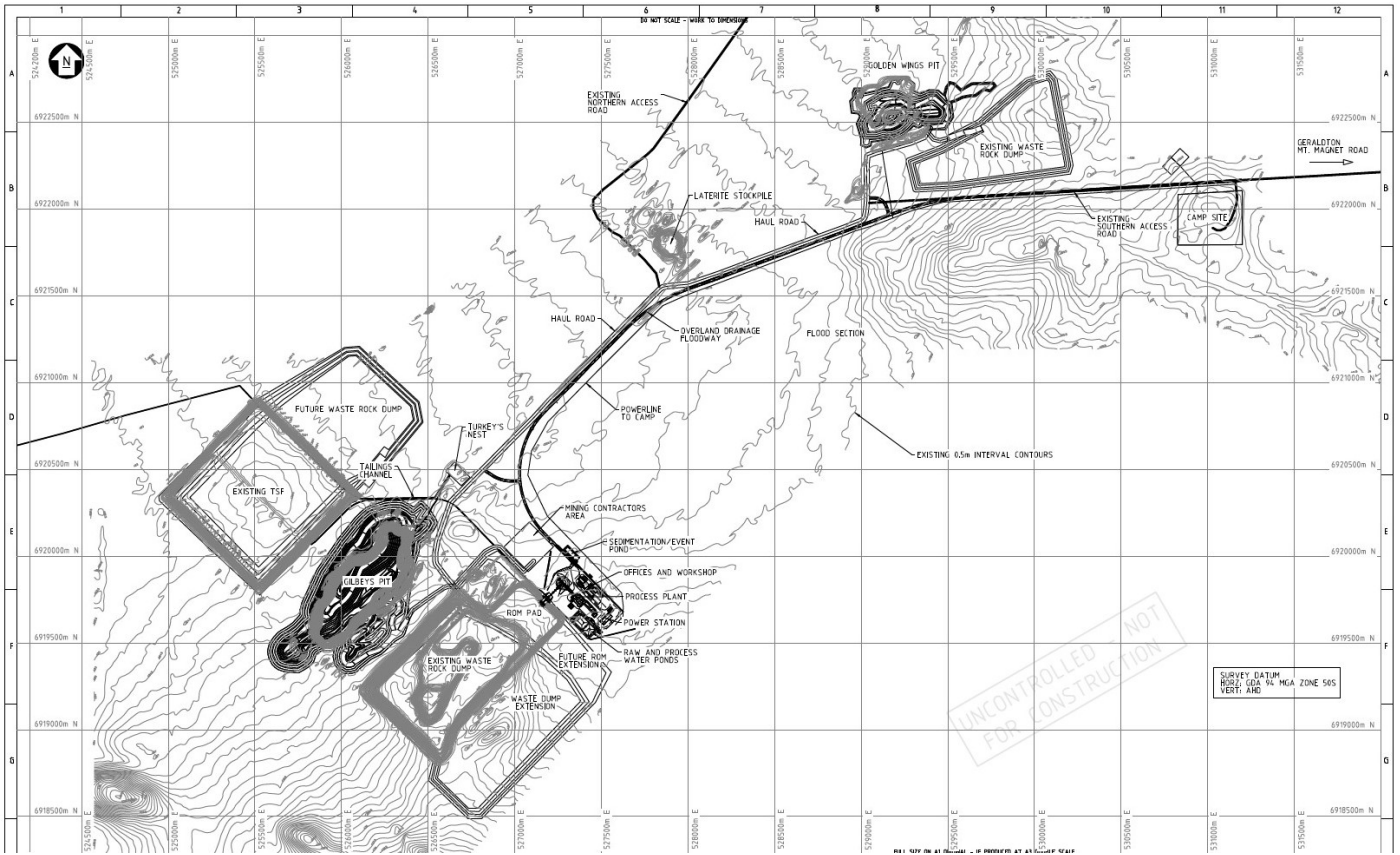


Figure 3: Dalgaranga site layout

Process plant construction

Following the execution of the EPC contract with GR Engineering (GRES), construction of the processing facility commenced on site in early August 2017. By May 2018, the facility had been built and commissioning commenced (see Figure 4 and Photographs 1 and 2). The construction was completed approximately 6 weeks ahead of schedule and significantly under budget. Subsequent to balance date the facility passed all performance tests with production and throughput ramping up.

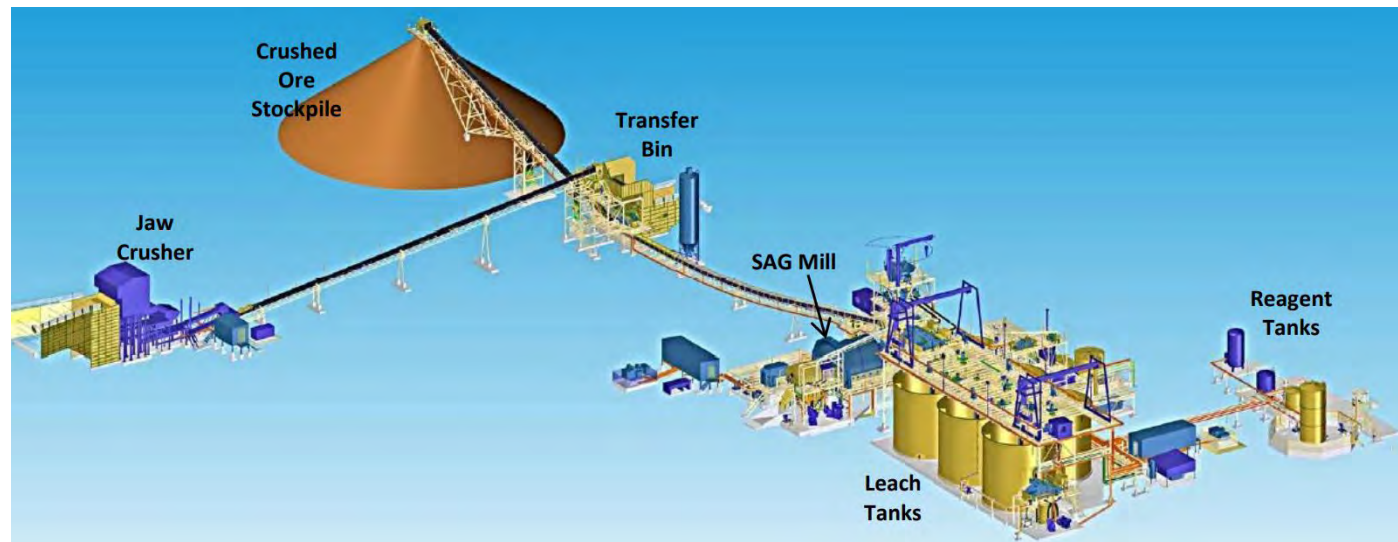


Figure 4: Isometric layout of the Dalgaranga processing plant



Photograph 1: Commencement of civil earthworks August 2017



Photograph 2: Process plant commissioning May 2018



Photograph 3: Dalgaranga mine village and airstrip



Photograph 4: Dalgaranga tailings storage facility and evaporation ponds

Construction of associated facilities

During the year, all the associated facilities to support the mine were constructed. These include completion of the 240 person camp, installation and construction of a dedicated airstrip, access roads, the tailings storage facility, water evaporation ponds, offices, dewatering bores and pipelines (see Photographs 3 and 4).

Mining operations

Following an extended tender period, a life of mine mining contract was executed with NRW Holdings for the mining operations for the project. The contract is a full mining services contract, including drill and blast, load and haul and associated activities. In February 2018, mobilisation started and by March 2018, mining had commenced (see Photograph 5). The initial focus was site establishment and the development of the Sly Fox and Golden Wings open pit mines. When ore processing commenced in May 2018 as part of the commissioning phase, the pre-strip of the large Gilbeys open pit commenced. By the end of June 2018, approximately 3.9 million bulk cubic metres of material had been mined.



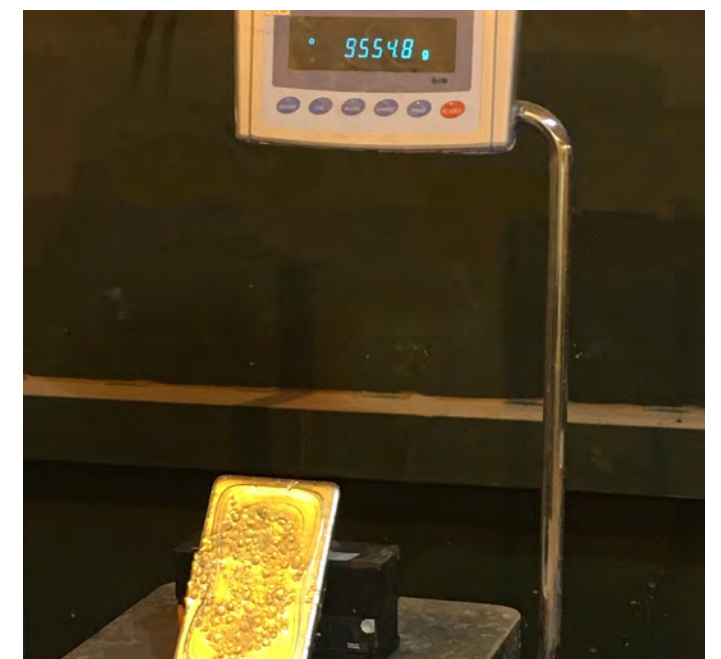
Photograph 5: Mining at Gilbeys

Processing operations

Following the construction and commissioning of the 2.5Mtpa processing facility in early May 2018, ore processing and gold production commenced (see Photograph 6). By the end of June 2018, a total of 245,000 tonnes of low grade material had been treated and 4,093 ounces of gold recovered during the commissioning and initial ramp up of the project. The ramp up is continuing with commercial production expected in the December 2018 quarter.

EXPLORATION

An aggressive exploration programme was executed during the year at Dalgaranga with multiple drill rigs active on the project during the year. The drilling has targeted extensions to the Sly Fox deposit and testing the area between the Sly Fox and Gilbeys deposits as well as regional exploration. As a result of this exploration, a number of discoveries have been made including extensions to the Sly Fox Deposit to the west, identification of a new gold trend between Gilbeys and Sly Fox (the Plymouth prospect) and confirming the continuity of mineralisation over +250 metres at the Greencock prospect (see Figure 2).



Photograph 6: First Gold from Dalgaranga Gold Operations May 2018

Sly Fox

At Sly Fox RC drilling west of the known resource intersected a shallow and high grade zone of mineralisation. The zone of mineralisation starts around 20m below the surface, with grades well above the average for the Sly Fox deposit. Better intersections include 3m @ 4.3 g/t gold from 21m to EOH, 5m @ 5.9 g/t gold from 24m, 7m @ 2.8 g/t gold from 29m and 11m @ 1.5g/t gold from 32m and 2m @ 5.0 g/t gold from 45m (see Figure 5). The new gold zone discovered on the western edge of Sly Fox occurs outside the existing resource and west of the current open pit mining operation. A Mineral Resource estimate for this area is expected to be undertaken as part of the ongoing mining operations.

Plymouth

Follow up RC drilling of the gold zones intersected immediately west of the Sly Fox deposit (as outlined above) has led to further significant intersections from the new Plymouth prospect (see ASX announcement 5th June 2018). The new intersections occur 150m north west of the current open pit mining operation at Sly Fox. The Plymouth high grade RC drill intersections contain 23m @ 4.1g/t gold (including 17m @ 5.0g/t gold), 17m @ 2.8g/t gold, 4m @ 6.2g/t and 1m @ 22.4g/t gold and are related to a north trending and westerly dipping zone defined to date by drilling to be over 150m in length and open to the north and open down dip (see Figure 5). Mineralisation is related to quartz veined and silica, pyrite, biotite altered schists. Drilling was orientated toward the SW (225°) which is now believed to be oblique to the optimum drilling direction and therefore the true widths of the Plymouth mineralised zones are expected to be approximately 10 to 15m wide. A Mineral Resource estimate for this area is expected to be undertaken as part of the ongoing mining operations.

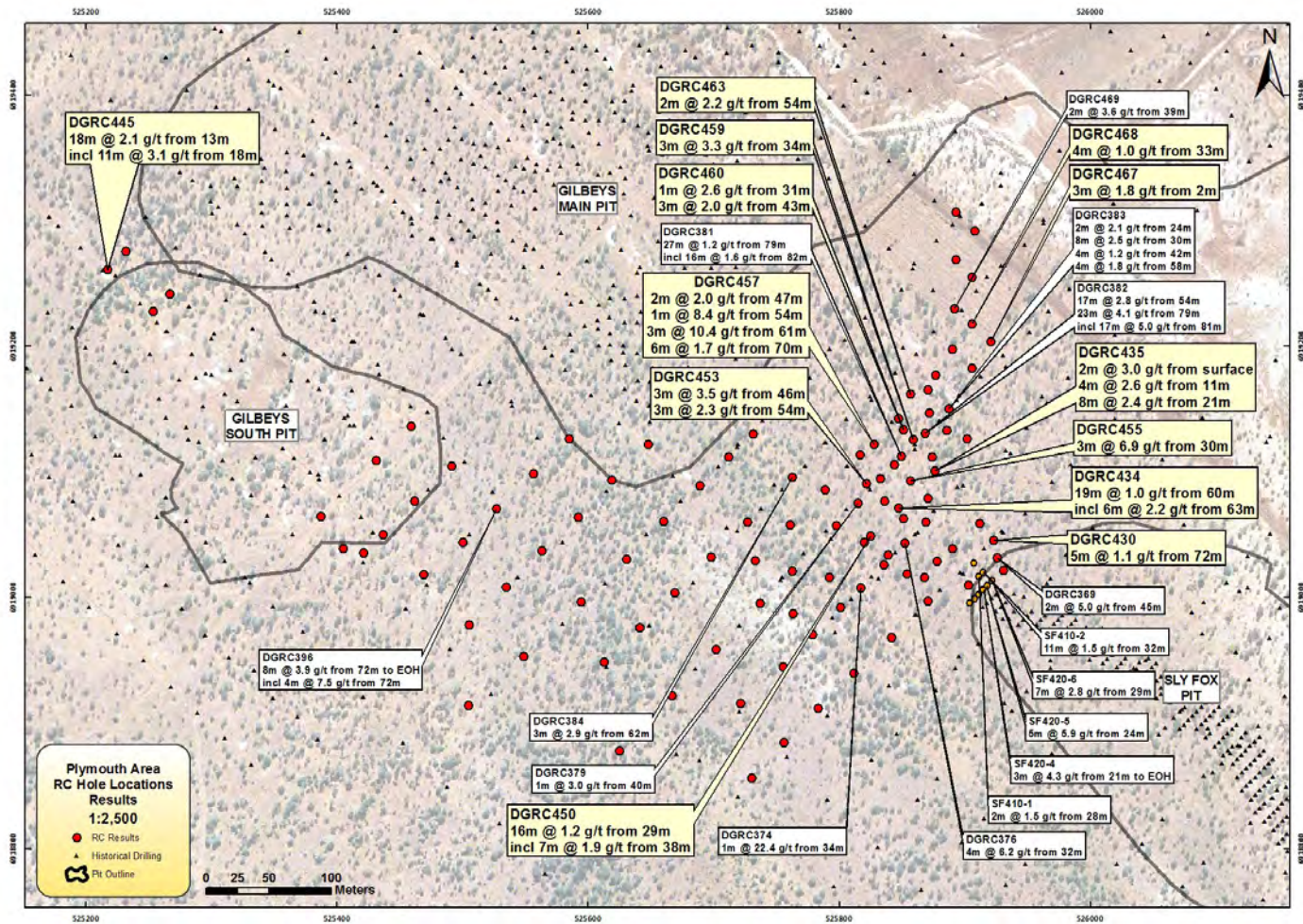


Figure 5: Plymouth - location of drill holes and significant gold intersections

Seagrams

First pass aircore drilling has been completed in the Seagrams prospect area which occurs approximately 1km to the SE of the Sly Fox deposit. This drilling was carried out on 100-200m space lines targeting VTEM conductors and south east trending structural zones. To date the wide spaced drilling has intersected numerous anomalous gold zones between 200-300ppb gold range (see Figure 6). The most significant anomalous gold zone was 27m @ 0.5 g/t gold from 27m, including 1m @ 7.4g/t Au and 1m @ 1.5g/t Au. Drilling at Seagrams has intersected typical Dalgara rock sequences of sheared mafic and intermediate volcanics and black shale.

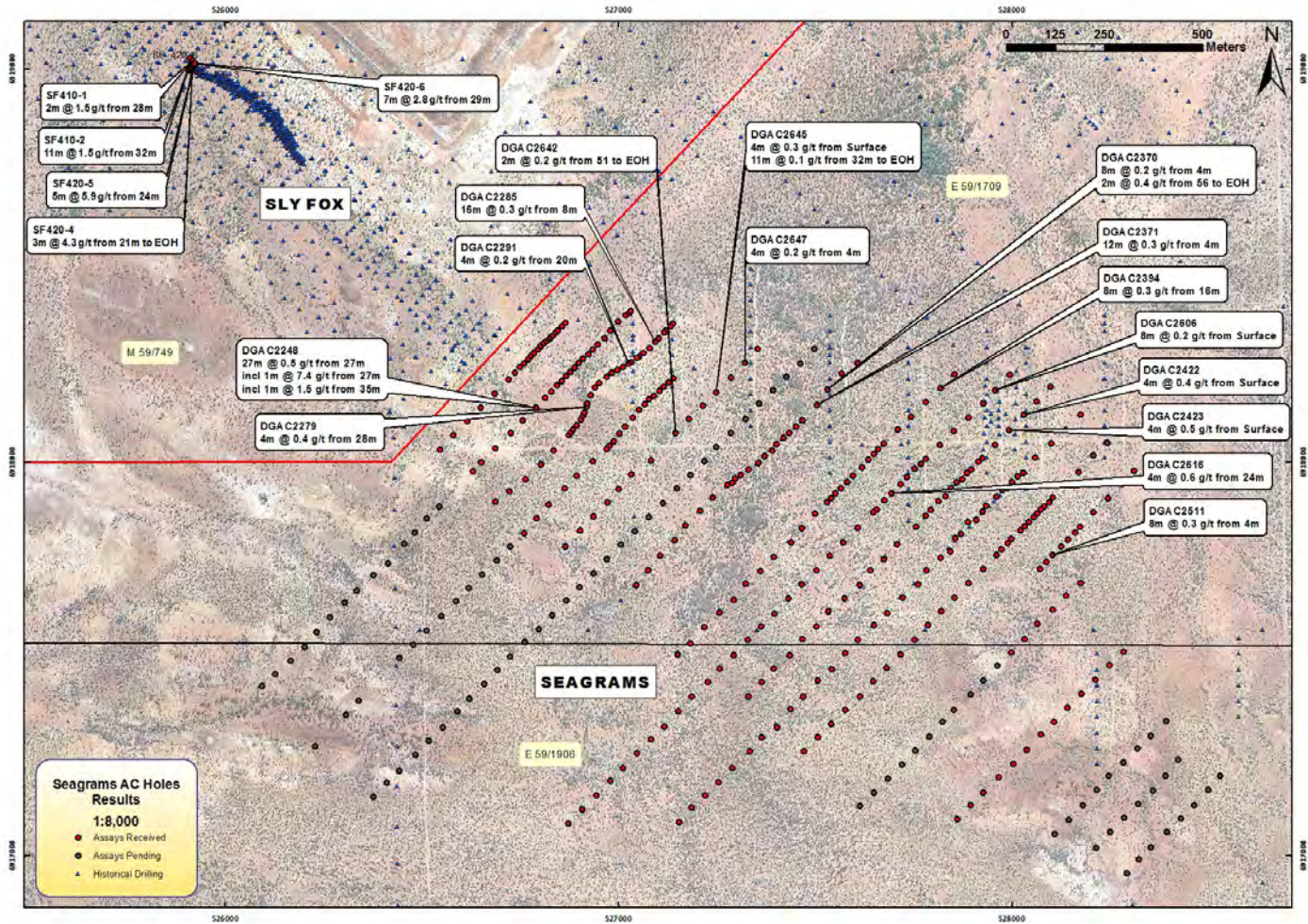


Figure 6: Seagrams location of drill holes and significant intersections

Greencock

As announced on 9 May 2018, every hole in the initial 16 hole RC drilling program at the Greencock prospect intersected significant mineralisation (see Figure 7 & 8). The drilling targeted several significant historic intersections including, 19m @ 1.6g/t gold, 15m @ 1.5 g/t gold and 15m @ 1.1g/t gold. The drilling has confirmed mineralisation and stratigraphy dip to the south. A distinctive fine-grained basalt at the base of several holes mark the footwall to a mineralised mafic host. The mineralised unit is a variably sheared coarse grained quartz gabbro, with zones of mineralisation containing strong silica altered pyrite, pyrrhotite and arsenopyrite. Assay results have returned the following highly significant intersections including:

- 13m @ 2.0g/t gold from 99m, including 4m @ 4g/t gold from 104m in DGRC363
- 12m @ 2.1g/t gold from 104m in DGRC362
- 20m @ 1.0g/t gold from 99m, including 5m @ 1.5g/t gold from 114m in DGRC351
- 7m @ 1.0g/t gold from 24m and 11m @ 1.3g/t gold from 64m, including 4m @ 2.6g/t gold from 71m in DGRC355
- 15m @ 1.0g/t gold from 65m in DGRC357
- 15m @ 1.0g/t gold from 66m in DGRC360
- 12m @ 1.0g/t gold from 6m in DGRC349

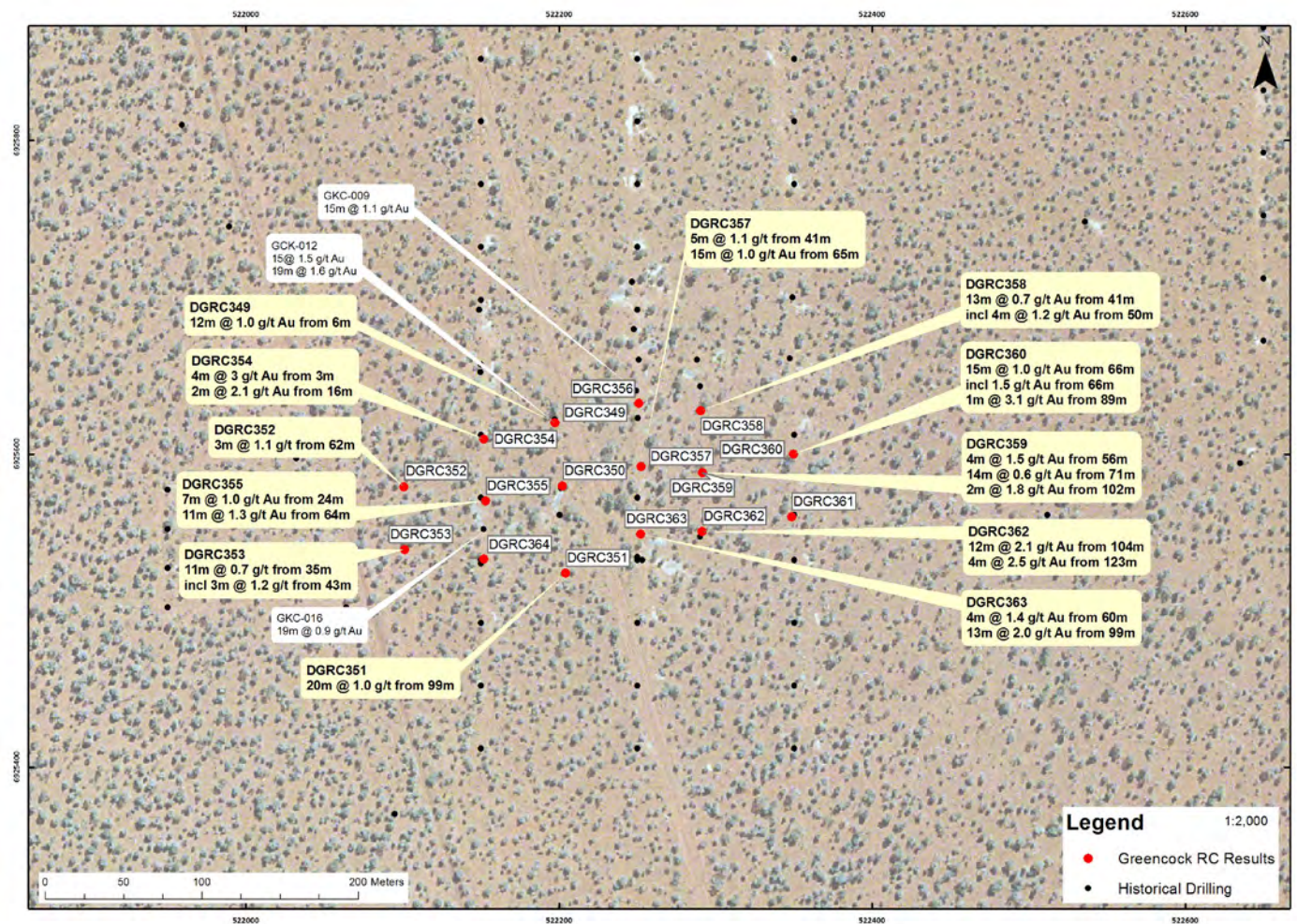


Figure 7: Greencock - location of drill holes and significant gold intersections

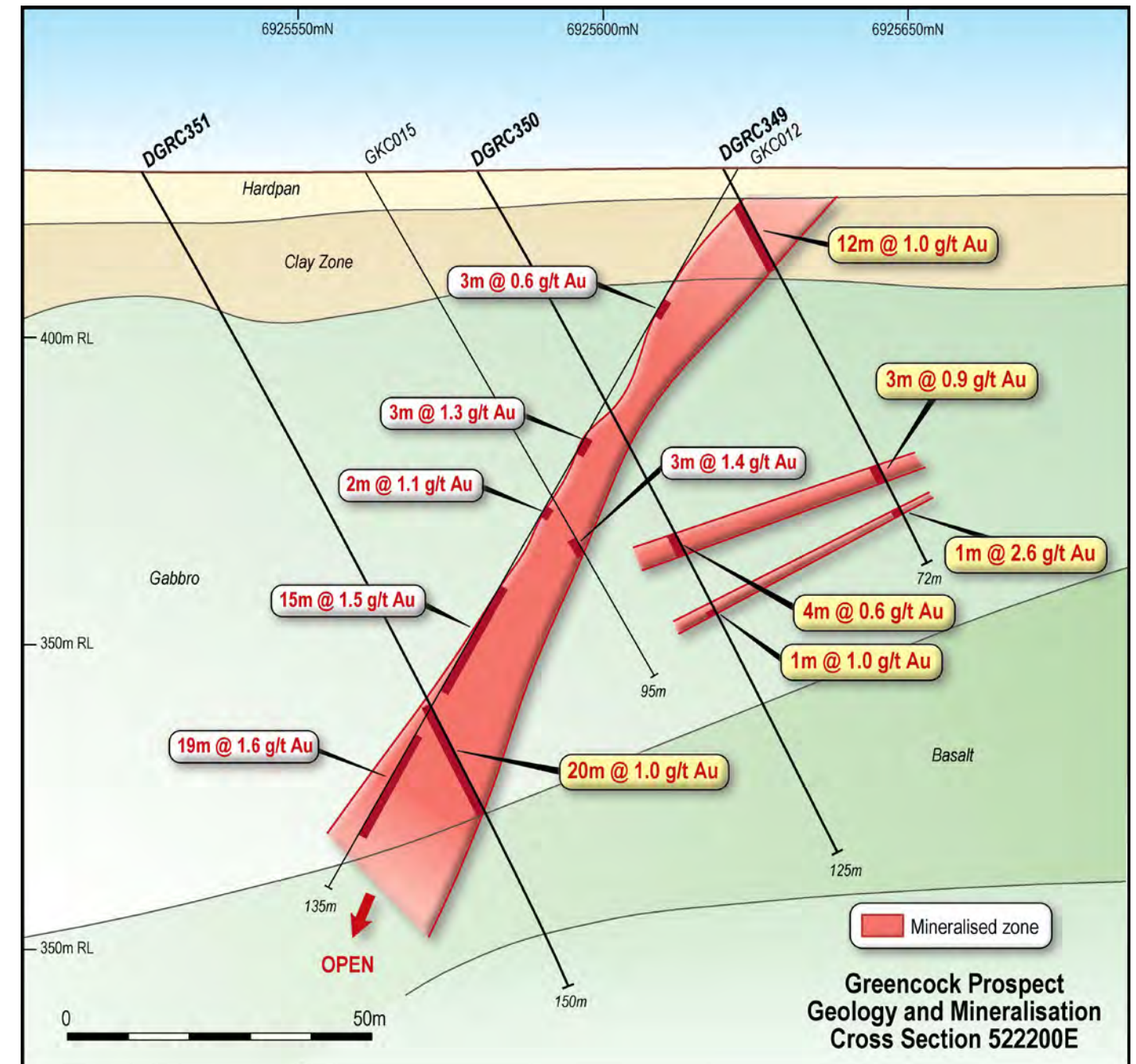


Figure 8: Greencock - cross section 522200mE

GLENBURGH GOLD PROJECT - WESTERN AUSTRALIA

ML09/148, EL 09/1325, 09/1764, 09/1865, 09/1866, 09/2025, 09/2148, L 09/56 and 62 - Gascoyne Resources Limited 100%

PROJECT SUMMARY

- 2,000km² tenement area located in the Southern Gascoyne region of WA
- Measured, Indicated and Inferred JORC 2012 Resource estimation of 21.3Mt @ 1.5 g/t for 1.003 million oz Au

PROJECT BACKGROUND

Glenburgh is situated in the Southern Gascoyne Province of WA ~ 250km east of Carnarvon. The project consists of a gold mineralised system hosted in interpreted remnants of Archaean terrain in a Proterozoic mobile belt. Glenburgh was a grass roots discovery by Helix Resources Ltd from regional stream sampling in the 1990's. Following significant drilling by Gascoyne to grow Mineral Resources to in excess of 1 million ounces of gold, and completion of a Pre-feasibility Study on Glenburgh in 2013 it has now progressed to be considered a Pre-Development project.

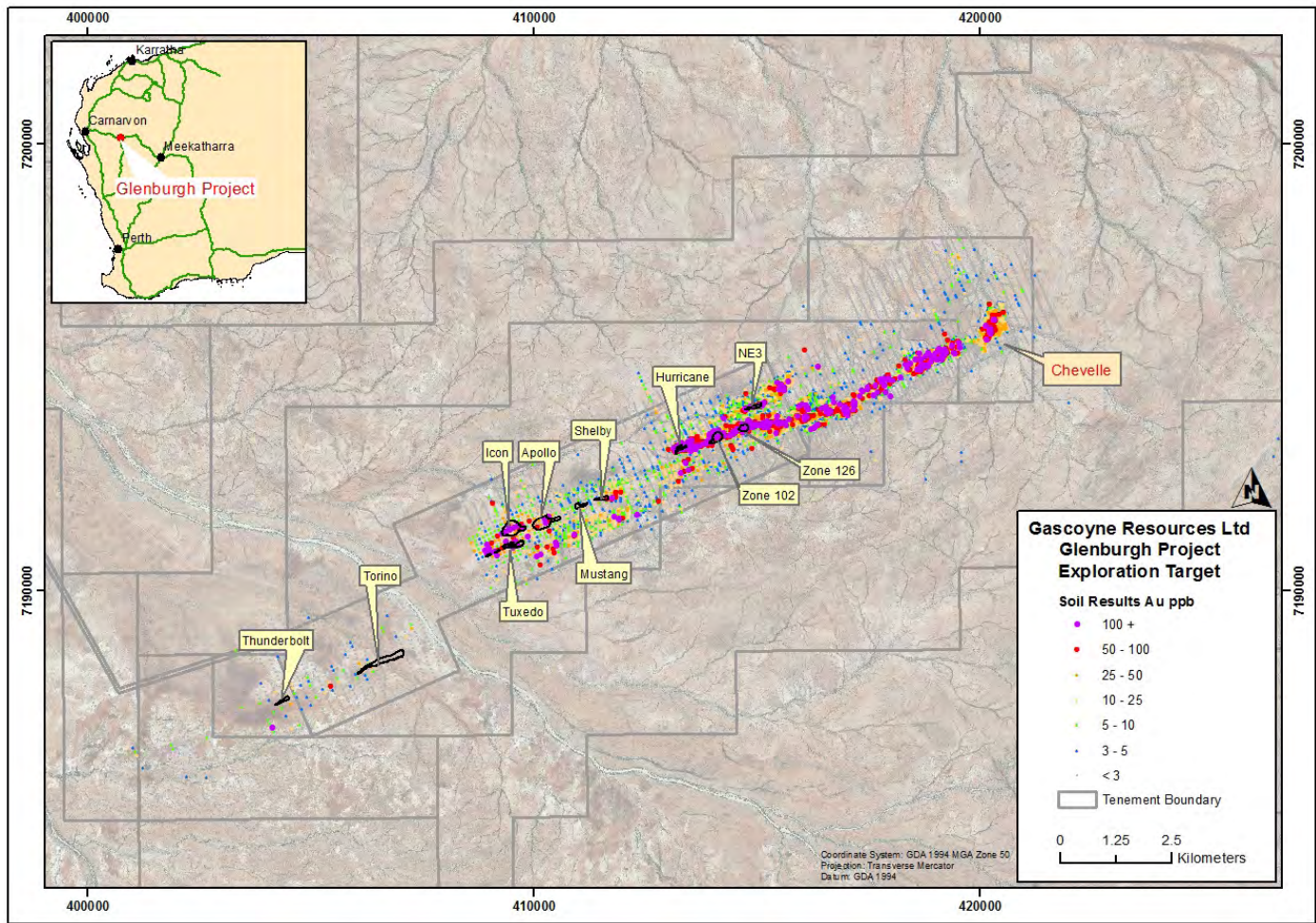


Figure 9: Glenburgh deposit locations and target overview

RESOURCES

The Measured, Indicated and Inferred JORC 2012 Mineral Resource for the project stands at 21.3Mt @ 1.5 g/t Au for 1 million ounces (see Table 4 for Mineral Resource classification). This Mineral Resource was estimated in mid-2014 by RPM, an independent global resource consultancy and has undergone external and internal peer reviews. It excludes additional mineralisation defined by “near mine” drilling completed since 2014. In addition, significant exploration potential remains throughout the project. See Figure 9 for the deposit locations and target overview.

Table 4: Summary of the 2018 Glenburgh mineral resource estimate (0.5g/t Au Cut-off)

Type	Measured			Indicated			Inferred			Total		
	Tonnage Mt	Au g/t	Au Ounces	Tonnage Mt	Au g/t	Au Ounces	Tonnage Mt	Au g/t	Au Ounces	Tonnage Mt	Au g/t	Au Ounces
North East	0.2	4.0	31,000	1.4	2.1	94,000	3.3	1.7	178,000	4.9	1.9	303,000
Central	2.6	1.8	150,000	3.2	1.3	137,000	8.4	1.2	329,000	14.2	1.3	616,000
South West							2.2	1.2	84,000	2.2	1.2	84,000
Total	2.9	2.0	181,000	4.6	1.6	231,000	13.9	1.3	591,000	21.3	1.5	1,003,000

Note: Discrepancies in totals are as a result of rounding. Mineral Resources reported on a dry basis.

MINERAL RESOURCE GOVERNANCE STATEMENT

The Glenburgh Mineral Resources are reported as at 30 June 2018. There has not been any change in the Glenburgh Mineral Resource estimation since the 2017 Annual Report.

Governance of Gascoyne's Mineral Resources and Ore Reserves development and the estimation process is a key responsibility of the executive management of the Company. The Managing Director of the Company oversees the reviews and technical evaluations of the Mineral Resource and Ore Reserve estimates.

The Company has a number of governance processes in place to manage the Mineral Resource estimates in line with industry best practice. All Mineral Resource estimates are prepared by qualified professionals following JORC Code compliant procedures that ensure representative and unbiased samples are obtained with appropriate QA/QC practices in place. Mineral Resource estimates for the Glenburgh deposits are based on information compiled by Mr Shaun Searle, who is a geological consultant employed by RPM. The results of the estimation are then peer reviewed by both the independent consultants and by Gascoyne Resources.

EXPLORATION

During the year, the focus for the Company has been the development of the DGP. As a result, a review of the existing resources and exploration undertaken to date was performed. Following the review of previous exploration completed over the project, a number of targets (both resource extensional and regional) have been identified.

As a result, a 32 hole RC drill programme was completed on the project in late 2017. The RC drilling programme was designed to extend the existing shallow resources, primarily in the central zone of Glenburgh, which contains over 600,000oz of the 1.0 million ounces contained on the property.

Highlights from the 2017 drilling program at Glenburgh include an intersection of 25m @ 3.3 g/t gold from 40m in VRC933 including a higher grade core of 12m @5.9 g/t gold from the Torino deposit (see Figure 10) and a number of intersections returned from drilling at the Tuxedo deposit area including 18m @ 0.9 g/t gold from 79m including 10m @ 1.2g/t gold from VRC904 and from the Icon deposit 15m @ 1.0 g/t gold from VRC915 (see Figures 11 to 13).

A further follow up multi rig drilling programme was undertaken in 2018. The first results for this follow up programme were received in August 2018 and highlighted the potential around the Torino and Thunderbolt prospects in the south west portion of the project.

Torino

A total of 44 RC drill holes were drilled over a strike length of 900 metres with results received for 39 holes so far. A total of 28 of these holes intersected significant mineralisation of more than 0.5g/t gold. The drilling intersected broad zones of mineralisation down hole with up to 28 metre wide zones defined. Within these broad zones, narrow but very high grade zones were also identified, with individual assay results up to 27.2 g/t intersected (Figures 14 and 15).

Intersections from Torino include:

- 16m @ 3.0 g/t gold from 42m, including 4m @ 10.1 g/t gold in VRC963
- 9m @ 4.5 g/t gold from 63m in VRC946
- 28m @ 1.5 g/t gold from 80m, including 7m @ 3.2 g/t gold in VRC946
- 11m @ 1.9 g/t gold from 90m in VRC939
- 7m @ 1.3 g/t gold from 18m in VRC936
- 11m @ 1.0 g/t gold from 10m in VRC952
- 15m @ 1.4 g/t gold from 13m including 4m @ 3.3 g/t gold in VRC962

- 16m @ 3.0 g/t gold from 42m including 4m @ 10.1 g/t gold in VRC963
- 5m @ 4.5 g/t gold from 35m including 1m @ 20.5 g/t gold in VRC979
- 3m @ 3.9 g/t gold from 28m in VRC980
- 4m @ 8.1 g/t gold from 53m including 1m @ 27.2 g/t gold in VRC982
- 9m @ 1.9 g/t gold from 37m in VRC983
- 19m @ 0.8 g/t gold from 73m in VRC984

Thunderbolt

The Thunderbolt prospect (formerly known as the “South West area”) is the least well defined prospect at Glenburgh, with only shallow aircore drilling previously completed. This RC drill programme was designed to test below the previous aircore anomalism. The drill intersections exceeded expectations with wide zones of mineralisation including a higher grade core zone (see Figures 16 and 17).

Intersections from Thunderbolt include:

- 23m @ 1.9 g/t gold from 45m including 16m @ 2.6 g/t gold in VRC976
- 13m @ 1.6 g/t gold from 40m, including 3m @ 4.9 g/t gold in VRC973
- 10m @ 0.8 g/t gold from 83m, including 6m @ 1.8 g/t gold in VRC974
- 16m @ 0.7 g/t gold from 10m in VRC972

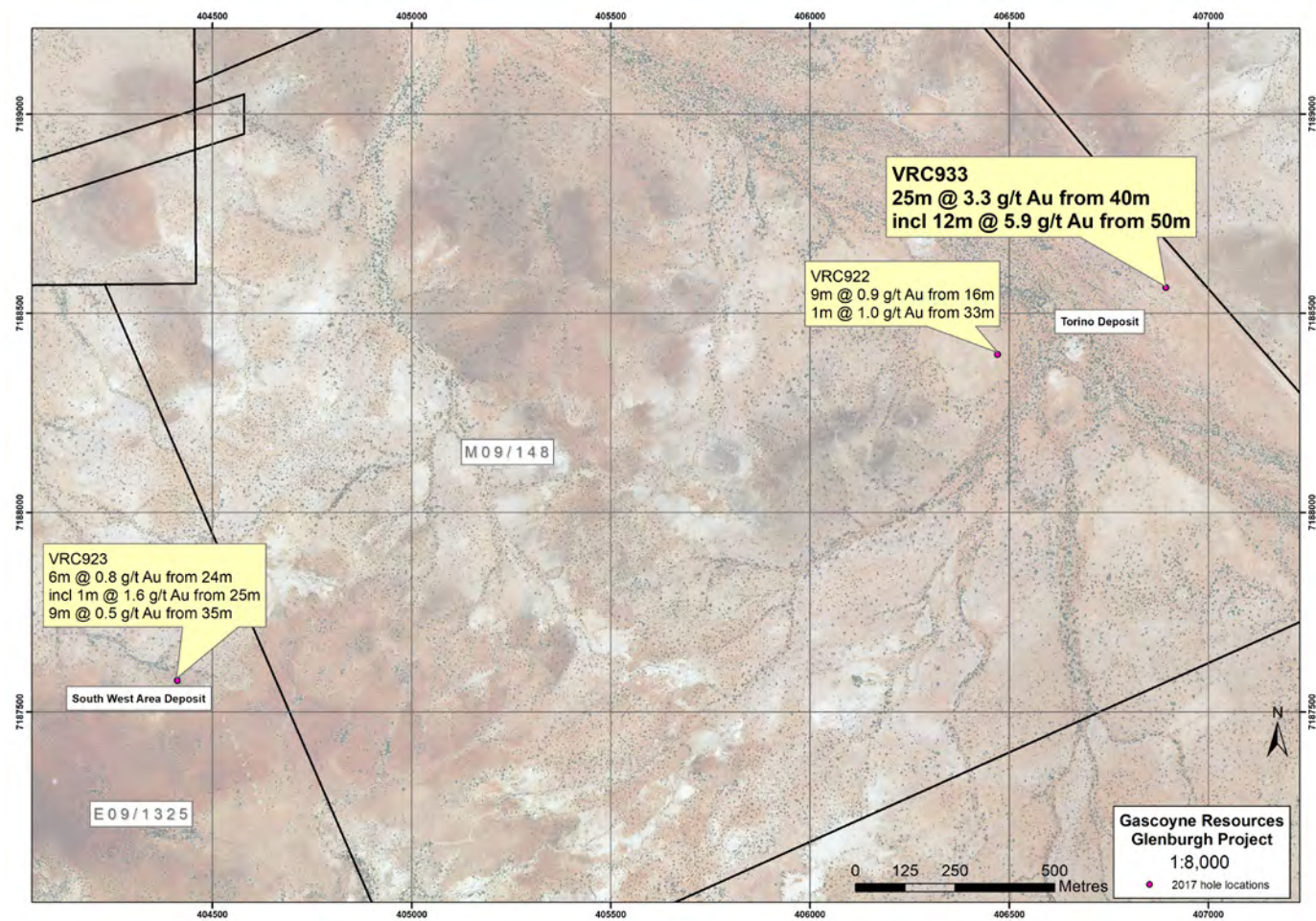


Figure 10: Location of 2017 RC holes Torino and Thunderbolt prospect area

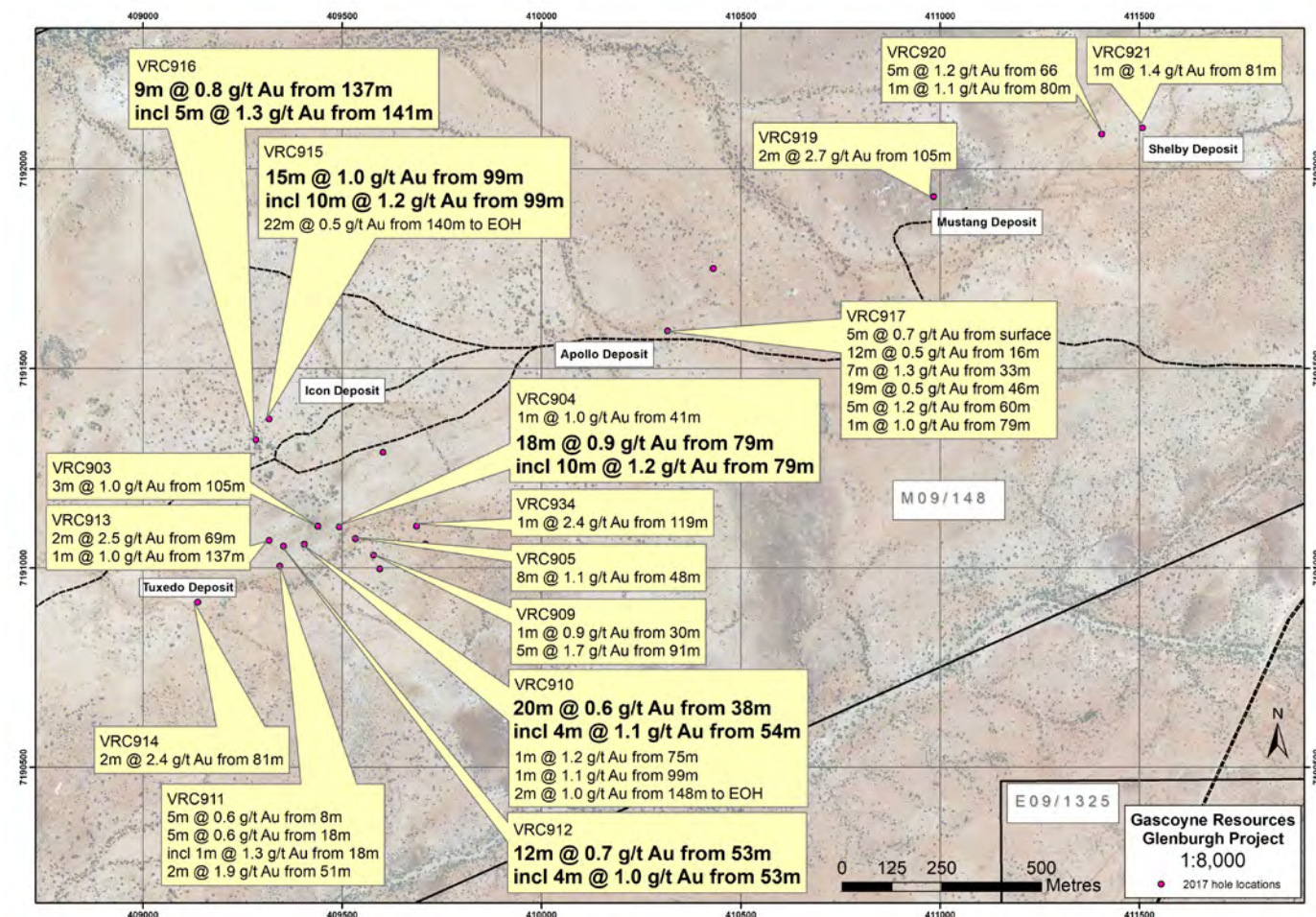


Figure 11: Location of RC holes central deposit area

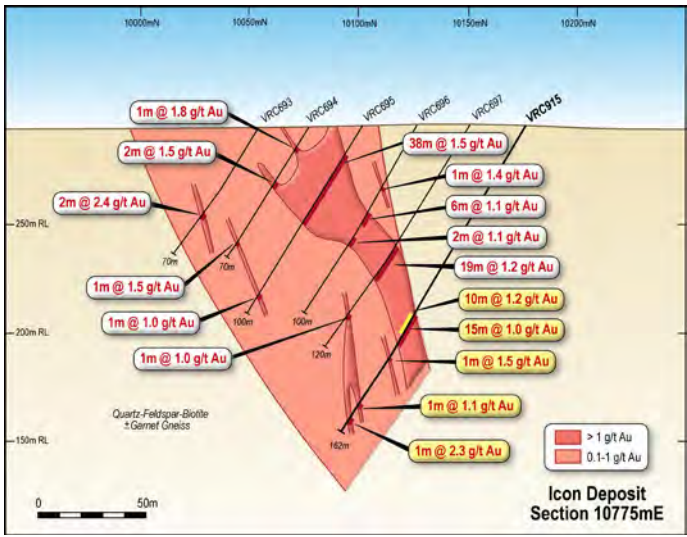


Figure 12: Cross section icon deposit 10775E

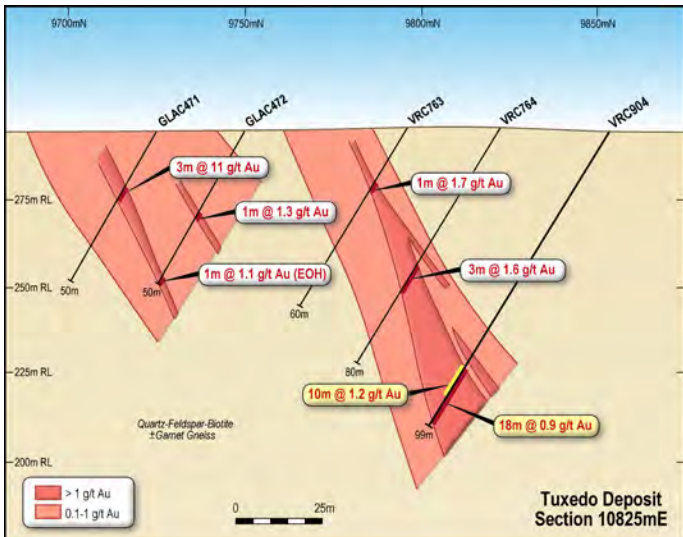


Figure 13: Cross section tuxedo deposit 10825E

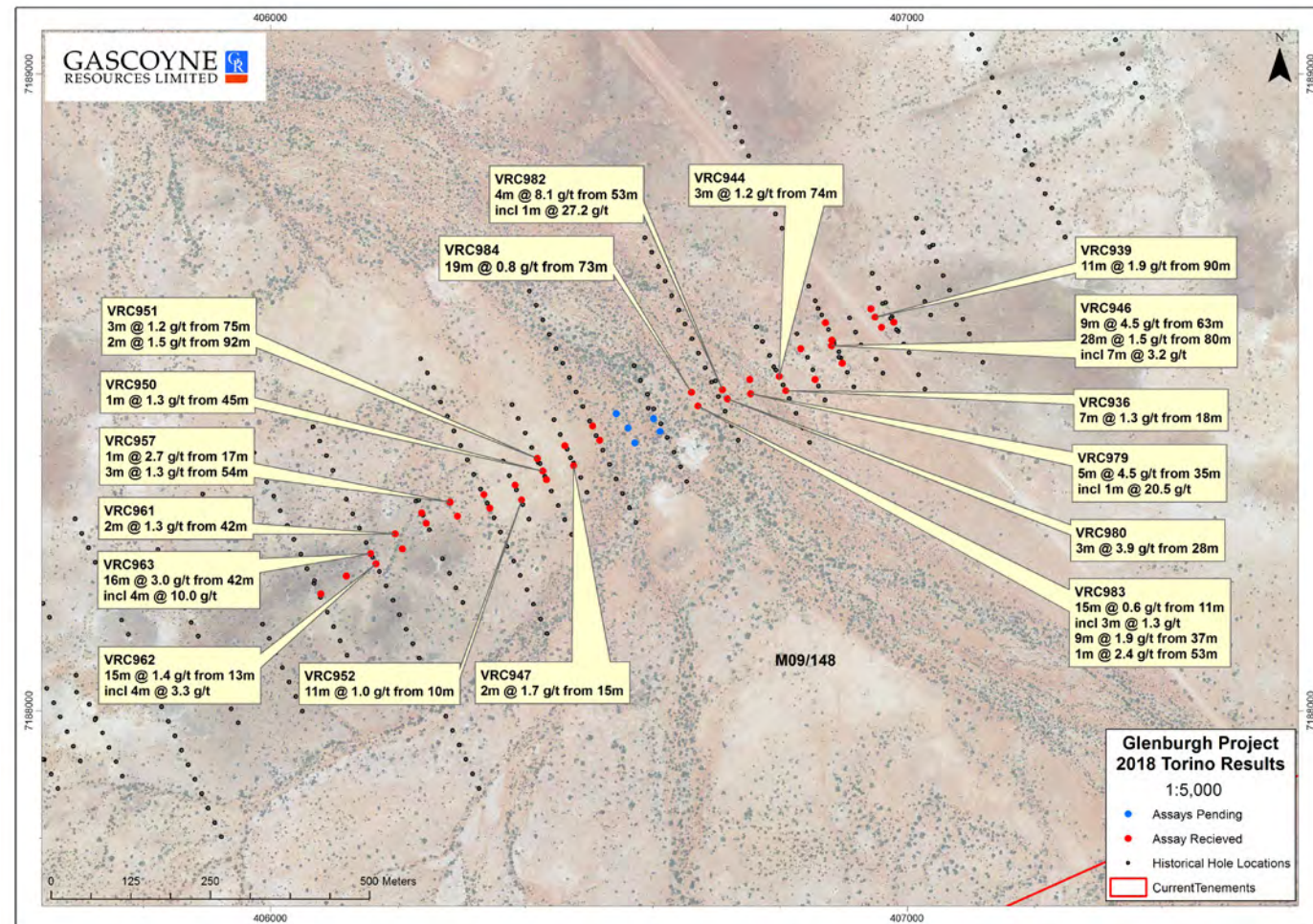


Figure 14: Location of 2018 RC holes Torino prospect area

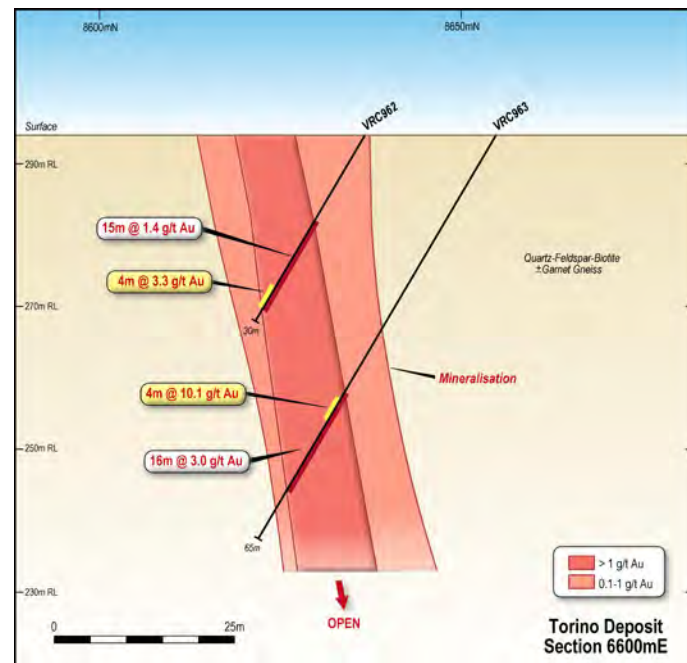


Figure 15: Cross section Torino prospect 6600E

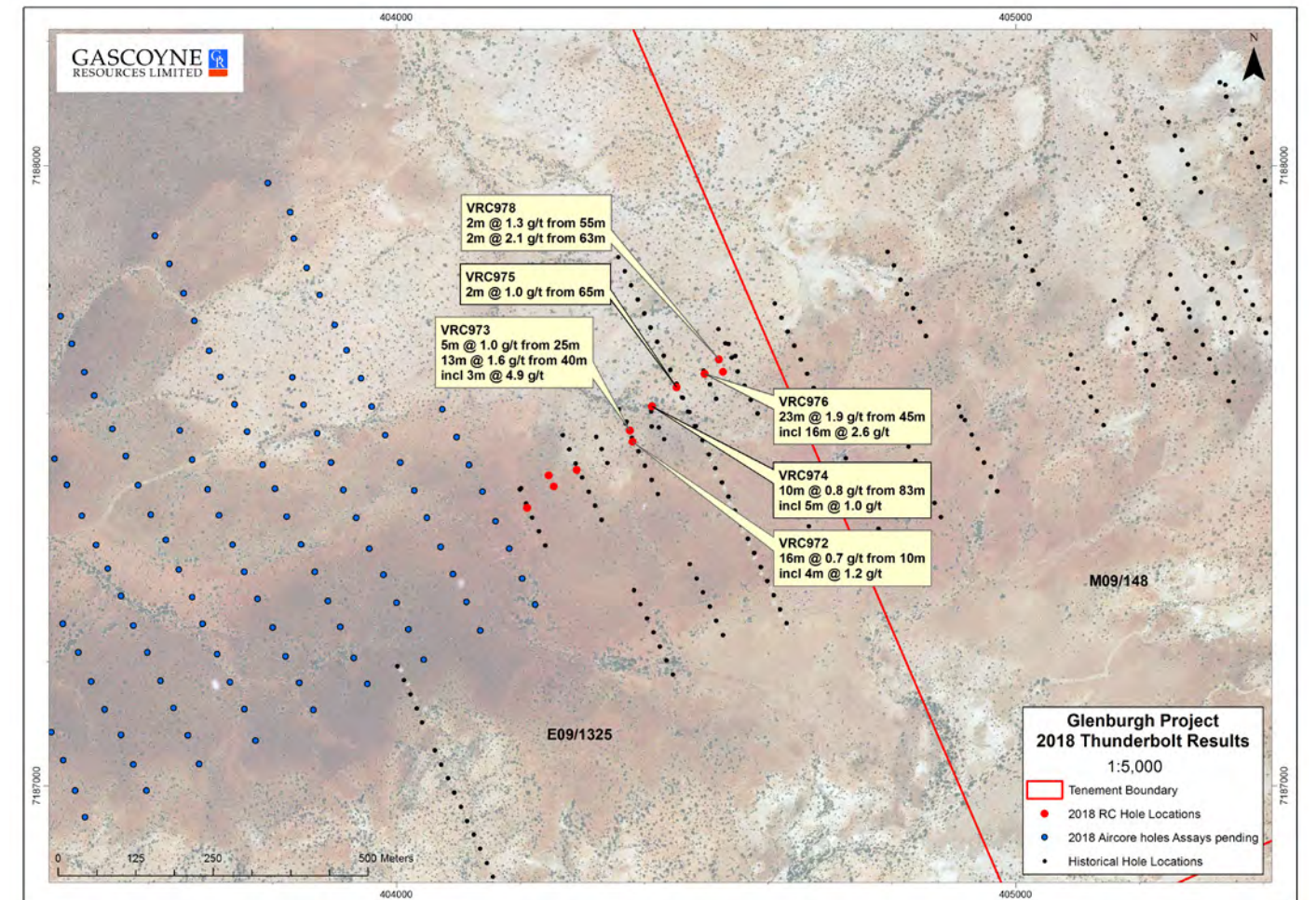


Figure 16: Location of 2018 RC holes Thunderbolt prospect area

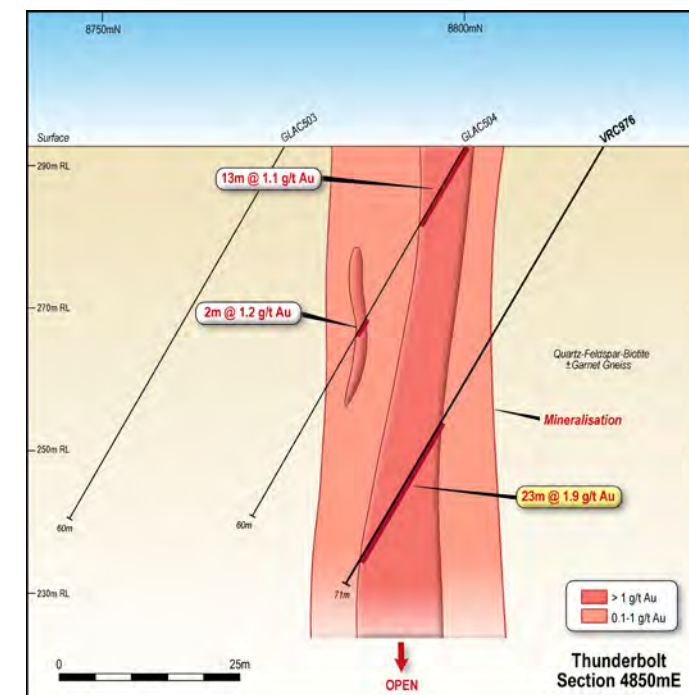


Figure 17: Cross section thunderbolt prospect 4850mE

EGERTON GOLD PROJECT – WESTERN AUSTRALIA

EL 52/2117, 52/2515, 52/3574, ML 52/343, 52/567 - Gascoyne Resources Limited 100%

PROJECT SUMMARY

- 450km² tenement area located in the Southern Gascoyne region of WA

PROJECT BACKGROUND

Egerton consists of two granted mining leases and two granted exploration licences covering approximately 180km² of the Lower Proterozoic Egerton inlier in the Gascoyne Region of Western Australia (see Figure 1).

Due to the high grade nature of the Hibernian deposit there is potential to truck ore from Egerton to the Company’s development project at Glenburgh. The trucking of ore from Egerton to Glenburgh has been evaluated as part of the Glenburgh Pre-feasibility study, which concluded that the high grade nature of the Hibernian deposit lends itself to economic trucking to Glenburgh or another nearby gold processing facility.

West of the Hibernian deposit the Gaffney’s Find prospect lies on another granted mining lease where a number of shallow historic workings lie on a north east trending shear zone extending over 4km, with drill intercepts including 4m @ 72.3 g/t gold and 5m @ 15.9 g/t gold. Elsewhere within the project there are a number of prospects aligned along the 8km long poorly tested Hibernian shear (Figure 18).

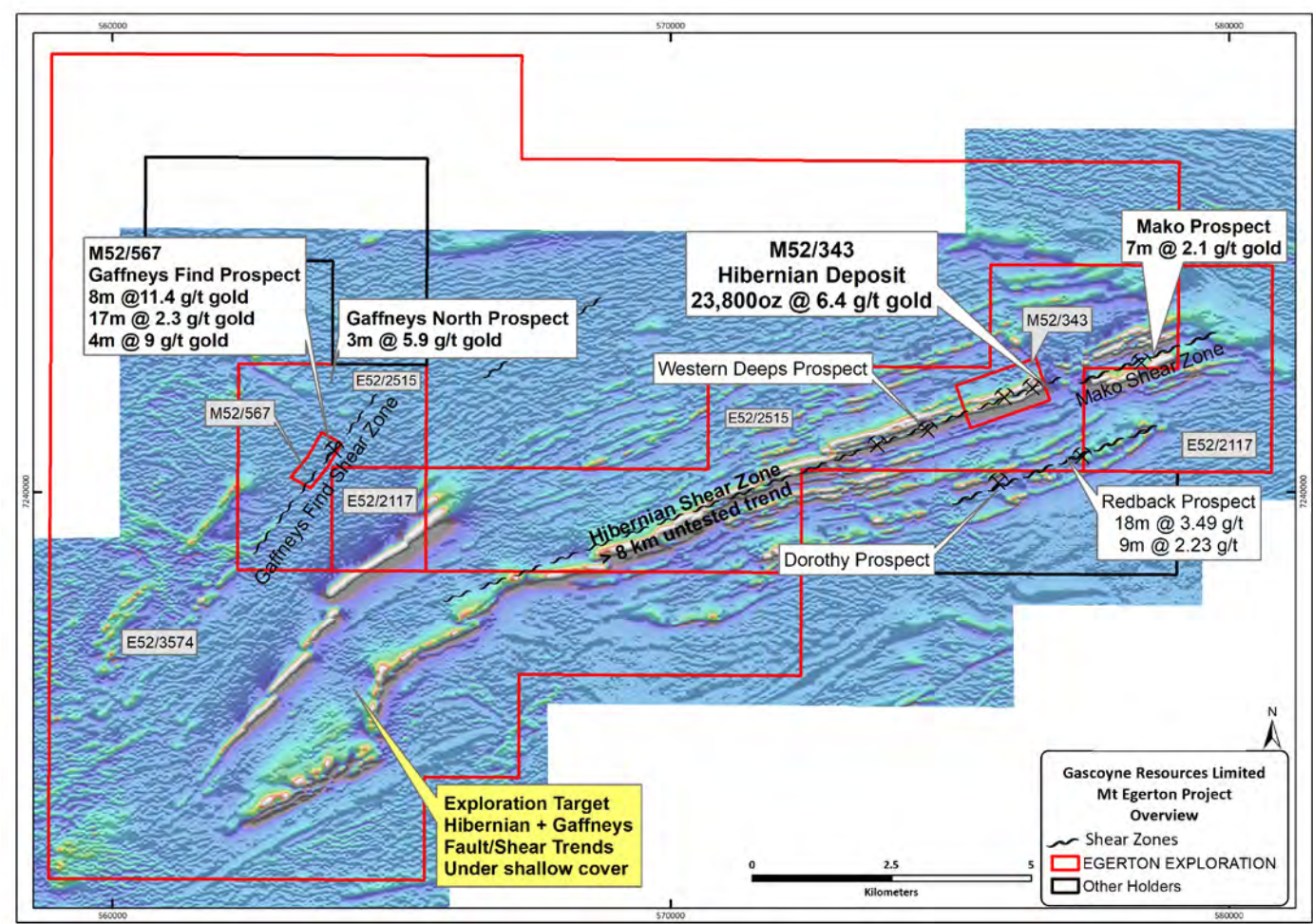


Figure 18: Egerton, Tenement prospect/deposit locations

MINERAL RESOURCES

The project includes the high grade Hibernian deposit which contains a JORC 2004 Mineral Resource estimate of 116,400 tonnes @ 6.4 g/t gold for 24,000 ounces in the Measured, Indicated and Inferred JORC categories (see Table 5). As the resource has not been updated to conform with the JORC 2012 code, no Mineral Resource is being quoted for 2018. The deposit lies on a granted mining lease and previous drilling includes high grade intercepts of 2m @ 147.0 g/t gold, 5m @ 96.7 g/t gold and 5m @ 96.7 g/t gold associated with quartz veining in shallow south-west plunging shoots. The Hibernian deposit has only been drill tested to 70m below surface and there is strong potential to expand the current JORC Resource estimate with drilling testing deeper extensions to known shoots and targeting new shoot positions.

Table 5: Hibernian Deposit 2017 Mineral Resource Estimate (2.0 g/t Au Cut-off) JORC 2004

JORC Classification	Tonnes	Au	Au
	Mt	g/t	Ounces
Measured Resource	32,100	9.5	9,801
Indicated Resource	46,400	5.3	7,841
Inferred Resource	37,800	5.1	6,169
Total	116,400	6.4	23,811

Note: Discrepancies in totals are as a result of rounding. Mineral Resources reported on a dry basis.

MINERAL RESOURCE GOVERNANCE STATEMENT

No Mineral Resources are being reported for Egerton for 2018. Because the Mineral Resource has not been updated to conform to the JORC2012 code, it is not considered appropriate to restate the JORC 2004 Mineral Resource.

Governance of Gascoyne’s Mineral Resources and Ore Reserves development and the estimation process is a key responsibility of the executive management of the Company. The Managing Director of the Company oversees the reviews and technical evaluations of the Mineral Resource and Ore Reserve estimates.

The Company has a number of governance processes in place to manage the Mineral Resource estimates in line with industry best practice. All Mineral Resource estimates are prepared by qualified professionals following JORC Code compliant procedures that ensure representative and unbiased samples are obtained with appropriate QA/QC practices in place. The Hibernian deposit Mineral Resource estimate was last updated in 2005 in accordance with the JORC 2004 code. There has not been any material change since the estimate was completed, however because the Mineral Resource has not been updated to conform with the JORC 2012 code, it is not considered appropriate to restate the JORC 2004 resource until an update to JORC 2012 has been completed. As a result, no Mineral Resource is being stated for Egerton in 2018.

EXPLORATION

During the year, the focus of the exploration and development activities has been at the DGP. As a result only limited exploration has been undertaken at Egerton.

It is clear from the historical and recent exploration that the exploration potential of the Egerton tenement package has yet to be properly tested. The initial target horizon which remains poorly tested is the Hibernian trend to the south west of the high grade Hibernian deposit and the shear zone that hosts the high grade Gaffney’s Find prospect.

Negotiations with the Native Title Owners have been underway to gain access to conduct exploration activities on the regional exploration tenements. These negotiations have now been concluded with an access agreement now in place to allow heritage surveys to be undertaken which will permit exploration to commence on a number of regional targets.

OTHER PROJECTS—WESTERN AUSTRALIA

GASCOYNE RESOURCES LIMITED 100%

Gascoyne controls a number of tenements and tenement applications in the Murchison, Pilbara and Gascoyne regions of Western Australia. While the Glenburgh, Dalgaranga and Egerton projects remain the focus for the Company, these new projects have the potential to add significantly to the Company's future, while also providing some geographical diversification of our gold and base metal assets within Western Australia. The focus of the exploration effort during the year has been at Dalgaranga, as a result limited exploration has been undertaken on these non-core tenements during the year.

COMPETENT PERSONS STATEMENT

Information in this report is based on data compiled by Gascoyne's Managing Director Mr Michael Dunbar who is a member of The Australasian Institute of Mining and Metallurgy. Mr Dunbar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Dunbar consents to the inclusion of the data in the form and context in which it appears.

Dalgaranga:

The Dalgaranga Mineral Resources have been estimated by RPM, an external consultancy, and are reported under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (see GCY ASX announcement 7th August 2017 titled "Dalgaranga – Sly Fox Resource and Exploration Update"). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcements.

The Dalgaranga Ore Reserve has been estimated by Mr Harry Warries, an employee of Mining Focus Consultants Pty Ltd, an external consultancy, and are reported under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Warries is a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2012 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia (see GCY ASX announcement 16th November 2017 titled "Dalgaranga – Mine Plan Increased to over 650,000oz"). The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcements.

Glenburgh:

The Glenburgh Mineral Resources have been estimated by RPM, an external consultancy, and are reported under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (see GCY ASX announcement 24th July 2014 titled: High Grade Domains Identified Within Updated Glenburgh Gold Mineral Resource). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcements.

Egerton:

The information in this Report that relates to the JORC 2004 Mineral Resources for the Hibernian Deposit is based on information compiled by Mike Dunbar who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Dunbar is a full time employee of Gascoyne Resources Limited. Mr Dunbar is the Competent Person for this Mineral Resource estimate and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Mr Dunbar consents to the inclusion of this information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

CORPORATE GOVERNANCE STATEMENT

The Directors of Gascoyne Resources Limited believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. The Group has adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2018 is dated as at 26 September 2018 and was approved by the Board on 26 September 2018. The Corporate Governance Statement is available on the Gascoyne Resources Limited website at www.gascoyneresources.com.au.



DIRECTORS' REPORT

The Directors of Gascoyne Resources Limited (Gascoyne or Company) present their Report together with the Financial Statements of the Consolidated Entity, being Gascoyne Resources Limited and its Controlled Entities (Group or Consolidated Entity) for the year ended 30 June 2018.

DIRECTOR DETAILS

The following persons were Directors of Gascoyne Resources Limited during the whole of the year and up to the date of this report unless stated otherwise:

Rodney Michael Joyce BSc (Hons), MSc, MAusIMM

Non-executive Chairman - Appointed 5 October 2012

Non-executive Director - Appointed 20 April 2011

Mr Joyce is a geologist with almost 40 years of experience in mineral exploration, following graduation with a BSc (Hons) degree from Monash University in 1979. Mr Joyce also holds an MSc from the Royal School of Mines, University of London, UK. He was the leader of a successful gold exploration team at Aberfoyle Resources Ltd, responsible for significant gold discoveries at Khartoum (Carosue Dam) and Davyhurst in Western Australia prior to joining Giralia Resources NL as the Exploration Manager. Mr Joyce was subsequently appointed Managing Director of Giralia Resources NL in 2004 and held this position until the company's takeover in 2011.

Special responsibilities: Chair of the Nomination and Remuneration Committee, member of the Audit and Risk Committee and Finance Committee (until disbanded upon financial close of the project finance facility).

Michael Dunbar BSc, P Grad Dip (economic geology), MAusIMM

Managing Director - Appointed 31 March 2011

Mr Dunbar is a geologist with over 25 years of experience in exploration, resource development and mining projects, both within Australia and overseas. He has been active in exploring and developing a broad range of deposit styles and commodities including Nickel Sulphide deposit development, Archaen and Proterozoic Gold, IOCG copper and gold deposits and sandstone hosted uranium deposits.

Mr Dunbar was involved in the discovery, delineation and development of the +2Moz Thunderbox gold deposit, the discovery and delineation of the Waterloo and Amorac Nickel Sulphide deposits in Western Australia, the delineation of the Munali Nickel Sulphide deposit, the IOCG - Cloncurry Copper, Gold, Cobalt, Magnetite deposit, as well as a number of smaller deposits. Mr Dunbar's experience includes 4 years with Eagle Mining NL, 6 years with LionOre and 6 years with the Mitchell River Group of companies including Albidon Limited, African Energy, Sally Malay Mining and Exco Resources.

Special responsibilities: member of the Finance Committee (until disbanded upon financial close of the project finance facility).

Gordon Dunbar BSc (Hons), MSc, FAusIMM, FAIG

Non-executive Director - Appointed 31 March 2011, resigned 31 December 2017

Managing Director - Appointed 25 September 2009, resigned 31 March 2011

Mr Dunbar is a consulting geologist with over 50 years of experience in the Australian minerals industry, managing project development, mineral exploration and evaluation programs, mine geology, financial studies, production assessment, and monitoring joint venture projects. Mr Dunbar's experience includes exploration and mining geology roles at Kambalda with Western Mining Corporation, the evaluation of the Golden Grove base metal deposit in WA, Chief Geologist at Rosebery Mine in Tasmania and management roles with BP Australia undertaking financial studies, monitoring the evaluation of the Olympic Dam deposit and as Exploration Manager for BP Minerals. Mr Dunbar established a consulting group in 1990 to provide advice on exploration, evaluation, mining geology, project assessment and pre-feasibility studies, particularly those involving gold, base metals and nickel. He has worked on projects within Australia and internationally.

Special responsibilities: Chair of the Audit and Risk Committee and member of the Nomination and Remuneration Committee until his resignation.

John den Dryver BE (Mining), MSc, FAusIMM (CP)

Non-executive Director - Appointed 25 September 2009, resigned 18 April 2018

Mr den Dryver is a mining engineer with over 45 years mining experience in operational and corporate management. Mr den Dryver joined Mount Isa Mines in 1973. In 1982, he joined North Flinders Mines as the Company Mining Engineer and later became Operations Manager for North Flinders after the mine was commissioned in 1986 and over the next 10 years managed the operations as well as developing further discoveries in this region including the Callie Mine. In 1987 he joined the board of North Flinders as Executive Director - Operations. In 1997 after Normandy Mining took over North Flinders, Mr den Dryver was appointed Executive General Manager - Technical, leading a team of specialist geologists, mining engineers and metallurgists in operational support, technical review and due-diligence activities. In 2003, after the takeover of Normandy by Newmont Corporation, Mr den Dryver established his own mining consultancy business.

Sally-Anne Layman BE (Mining)(Hons), B.Com., CPA, MAICD

Non-executive Director - Appointed 7 June 2017

Ms Layman is a mining engineer and qualified accountant with over 23 years of diverse experience as a mining professional, corporate financier and advisor with significant international and cross commodity experience. Ms Layman previously held a range of senior positions with Macquarie Group Limited, including as Division Director and Joint Head of the Perth office of the Metals, Mining & Agriculture Division. More recently she has worked as a consultant providing financial consulting services to miners and explorers, including strategy and business development.

Ms Layman holds a Bachelor of Engineering (Mining) Hons, a Bachelor of Commerce, a CPA and a First Class Mine Managers Certificate of Competency WA, and is a member of CPA Australia and the Australian Institute of Company Directors.

Special responsibilities: Chair of the Audit and Risk Committee and member of the Finance Committee (until disbanded upon financial close of the project finance facility).

Ian Kerr Civil Engineer BE Honours (II), MIE Aust

Executive Director - Appointed 21 November 2017, resigned 18 April 2018, re-appointed 31 July 2018

Mr Kerr is a professional engineer with 34 years' experience including 29 years in the mining industry. Mr Kerr previously worked on the Pre-Feasibility Study and the Bankable Feasibility Study for the Dalgaringa Project whilst working for Mintrex Pty Ltd, an engineering consultancy. Mr Kerr was employed at Mintrex Pty Ltd for 8 years where he worked on multiple studies and project in Australia, Chile, Ghana, Burkina Faso, Mali and Senegal. Mr Kerr has worked in both project management and operations management having taken a number of mining projects from concept through to commissioning whilst working directly for several Australian and international mining companies.

Stanley Macdonald

Non-executive Director - Appointed 20 April 2011

Mr Macdonald has been associated with the mining and exploration industry for many years, having been instrumental in the formation of numerous ASX listed companies, including Giralia Resources NL, where he was a director for over 20 years.

Graham Riley B.Juris LLB

Non-executive Director - Appointed 19 October 2009

Mr Riley is a qualified legal practitioner, holding Bachelor of Laws and Bachelor of Jurisprudence Degrees. After 10 years in legal practice as a partner of a commercial firm in Perth, he resigned to pursue private interests in the resources and exploration sector, where he continues to act in various non-executive capacities. Mr Riley was the Non-executive Chairman of Giralia Resources NL and Red Hill Iron Limited, and a director of Adelphi Energy NL prior to their takeovers.

Special responsibilities: member of the Nomination and Remuneration Committee and Audit and Risk Committee.

COMPANY SECRETARY

Eva O'Malley B.Com, CA, AGIA

Company Secretary appointed 12 January 2011

Ms O'Malley is a Chartered Accountant, an Associate member of the Governance Institute of Australia and holds a Commerce degree from Murdoch University in Western Australia. She has extensive experience in managing the financial obligations of ASX listed corporations across a diverse range of industries.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
R M Joyce	Zenith Minerals Limited	Since 6 December 2006
S Layman	Imdex Ltd	Since 6 February 2017
S Layman	Perseus Mining Limited	Since 13 September 2017
S Layman	Pilbara Minerals Limited	Since 20 April 2018
I Kerr	West African Resources Limited	Since 28 June 2018
I Kerr	Tiger Resources Limited	1 April 2016 to 14 August 2018
S Macdonald	Zenith Minerals Limited	Since 24 April 2006
G Riley	Zenith Minerals Limited	Since 2 May 2018
G Riley	Entek Energy Limited	1 February 2011 to 1 September 2017

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares and options of the Company as at the date of this report:

Name	Fully paid ordinary shares	Options
R M Joyce	10,883,939	Nil
M Dunbar	2,480,000	3,000,000
I Kerr	Nil	1,500,000
S Macdonald	14,565,455	Nil
G Riley	7,036,536	Nil

PRINCIPAL ACTIVITIES

During the year, the principal activities of the Group continued to be the exploration and evaluation of a number of gold projects in Western Australia. The Group also completed the funding, development and construction phases of its 100% owned Dalgaranga during the year, with commissioning being completed in the first quarter of financial year 2019. Efforts are now focused on completing the ramp of the operation to commercial production.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

A detailed review of the Group's operations during the reporting period can be found in the Review of Operations section commencing on page 6 of this Annual Report.

The net consolidated loss of the Group for the financial period, after provision for income tax was \$558,853 (2017: \$1,443,837).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows.

Property, plant and equipment increased by \$140,435,634 with the construction of Dalgaranga substantially completed during the year and the commencement of pre-production mining activities and commissioning of the processing plant and associated infrastructure. Refer to note 8 for further details.

GNT Resources Pty Ltd (a wholly-owned subsidiary of Gascoyne) executed a \$60,000,000 project finance facility in late 2017 with Commonwealth Bank of Australia Limited and National Australia Bank Limited to form part of the overall funding package required to develop Dalgaranga. The facility was fully drawn at balance date. Finance leases were executed during the period as part of the funding package for certain plant and equipment. Refer to note 12 for details.

As part of its risk management strategy with the transition towards production, GNT Resources Pty Ltd entered into 176,500 ounces of gold forwards at an average forward price of A\$1,717 per ounce and Singapore gasoil swaps for a total of 86,431 barrels at a forward price of A\$94.5077 per barrel to hedge against adverse movements in the price of diesel consumed in mining activities. Refer to notes 6 and 20 for details.

Trade payables increased by \$25,965,265 as a result of the activities relating to Dalgaranga mentioned above (refer to note 11). Additional provision of \$15,167,259 predominately due to the provision for rehabilitation and mine closure. Refer to note 13 for details.

Share capital increased by \$20,965,511 with the Company raising funds to advance its ongoing exploration and project development activities. Refer to note 14 for details.

DIVIDENDS

No dividend has been paid or is recommended for the current period.

EVENTS OCCURRING AFTER THE BALANCE DATE

During August 2018 the Company raised approximately \$19,000,000 (before costs) through a share placement at an issue price of \$0.30 per share. In addition to the share placement the Company has offered eligible existing shareholders the opportunity to participate in a Share Purchase Plan, in order to raise up to a further \$5,000,000 at an issue price of \$0.30 per share. The Share Purchase Plan was in the process of being finalized at the time of this report.

Other than as set out above, the Directors are not aware of any other matter or circumstance that has arisen since the end of the financial year which has 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.

FUTURE DEVELOPMENTS

The focus for the Group remains on the ramp up Dalgaranga to commercial production, optimising the operations performance and seeking to extend the mine life and enhance the mine plan with targeted near mine exploration. The Group continues its exploration and evaluation of the Glenburgh, while also investigating options for the Egerton.

MEETINGS OF DIRECTORS

The number of meetings held during the year by the Board of Directors (Board) and Board committees, and the number of those meetings attended by each Director is set out in the table below:

Director	Board meetings		Nomination and remuneration committee meetings		Audit and risk committee meetings		Finance committee meetings ^(b)	
	Entitled to attend ^(a)	Attended	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
R M Joyce	13	13	4	4	3	3	2	2
M Dunbar	13	13	-	-	-	-	2	2
J den Dryver ^(c)	10	10	-	-	-	-	-	-
G Dunbar ^(d)	8	8	1	1	1	1	-	-
I Kerr ^(e)	7	6	-	-	-	-	-	-
S Layman	13	13	3	3	2	2	2	2
S Macdonald	13	11	-	-	-	-	-	-
G Riley	13	9	4	4	3	3	-	-

(a) In addition to the above meetings a number of matters were dealt with by circular resolution.

(b) Subsequent to the end of the previous financial year the Board of Directors resolved to establish a Finance Sub-Committee to oversee the execution of the project finance facility for Dalgaranga. The Committee was disbanded upon financial close for the project finance facility.

(c) Mr J den Dryver retired 18 April 2018.

(d) Mr G Dunbar retired 31 December 2017.

(e) Mr I Kerr was appointed as an Executive Director on 21 November 2017. As Mr Kerr was not submitted for re-election at the General Meeting held on 18 April 2018 his office was deemed to be vacated at the conclusion of that meeting in accordance with the Company's Constitution. Mr Kerr was re-appointed as an Executive Director on 31 July 2018.

UNISSUED SHARES UNDER OPTION

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

Options series	No.	Expiry date	Exercise price
Issued 16 Dec 2016 ^(a)	7,850,000	15-Dec-2019	\$0.55

(a) Included in these options were options granted as remuneration to Directors and the five most highly remunerated officers during the previous year. Details of options granted to Key Management Personnel are disclosed in the Remuneration Report. No options were granted to the Directors or any of the five highest remunerated officers of the Company during or since the end of the financial year.

Unvested employee incentive options expire on the earlier of their expiry date or within 30 days of cessation of the employee's employment. Employee incentive options that have vested but have not been exercised lapse on their expiry date. These options do not entitle the holder to participate in any share issue of the Company, other than on exercise of the option.

SHARE OPTIONS EXERCISED

There were no fully paid ordinary shares issued upon the exercise of options during and since the end of the financial year (2017: 3,500,000 shares).

REMUNERATION REPORT (AUDITED)

The Directors of the Company present the Remuneration Report for Directors and other Key Management Personnel prepared in accordance with the *Corporations Act 2001 and the Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- A) Principles used to determine the nature and amount of remuneration
- B) Details of remuneration
- C) Service agreements
- D) Share-based remuneration; and
- E) Other information

KEY MANAGEMENT PERSONNEL

The Directors and other Key Management Personnel (KMP) of the Group during or since the end of the financial year were:

Directors	Position
R M Joyce	Chairman, Non-executive Director
M Dunbar	Managing Director
J den Dryver (retired 18 April 2018)	Non-executive Director
G Dunbar (retired 31 December 2017)	Non-executive Director
I Kerr ^(a)	Executive Director
S Layman	Non-executive Director
S Macdonald	Non-executive Director
G Riley	Non-executive Director

OTHER KMP

M Ball (commenced 18 June 2018)	Chief Financial Officer
J Goldsworthy	GM - Business Development
D Lim (resigned 15 June 2018)	Joint Company Secretary/Chief Financial Officer
E O'Malley	Company Secretary
K Weber	Exploration Manager

(a) Mr Kerr was appointed as an Executive Director on 21 November 2017. As Mr Kerr was not submitted for re-election at the General Meeting held on 18 April 2018 his office was deemed to be vacated at the conclusion of that meeting in accordance with the Company's Constitution. Mr Kerr was re-appointed as an Executive Director on 31 July 2018.

Except where noted, the named persons held their current position for the whole of, and since the end of the financial year.

A) PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The principles of the Group's executive remuneration policy are to ensure that remuneration packages properly reflect the duties and responsibilities of the executive and are sufficient to attract, retain and motivate personnel of the requisite capabilities and experience. The Board has established a Nomination and Remuneration Committee which operates in accordance with its Charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the executive team.

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary/wages and superannuation; and
- short term incentives, including employee share schemes and bonuses.

The Nomination and Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of maximising shareholder value. The payment of bonuses, share options and other incentive payments are reviewed by the Nomination and Remuneration Committee annually having regard to performance against expectations and market conditions as part of the review of executive remuneration, and a recommendation is put to the Board for approval. There is no pre-determined policy regarding any relationship between the Group's performance and the remuneration of Key Management Personnel.

Non-executive Director remuneration

Non-executive Directors are remunerated by fees determined by the Board within the aggregate Directors' fee pool limit as approved by shareholders, currently \$450,000. The pool limit is not at present fully utilised. In setting the fees, account is taken of the responsibilities inherent in the stewardship of the Company and the demands made of Directors in the discharge of their responsibilities. Advice is taken from independent consultancy sources where appropriate, to ensure remuneration accords with market practice. The Group has largely adopted the ASX Corporate Governance Principles and decided to remunerate its Non-executive Directors on an ongoing basis with no accrual or entitlement to a retirement benefit.

Use of remuneration consultants

The Group did not employ the services of a remuneration consultant during the year. Subsequent to year end, the Nomination and Remuneration Committee engaged the services of BDO Reward (WA) Pty Ltd to review its existing remuneration policies and to provide recommendations on Executive short term and long term incentive plan design. The review was ongoing at the time of this report.

Voting and comments made at the Company's 2017 Annual General Meeting

At the Company's 2017 Annual General Meeting 93% of the votes cast in relation to the resolution to adopt the 2017 Remuneration Report were cast in favour of the resolution. The Company did not receive any specific feedback at the AGM on its Remuneration Report.

Statutory Performance Indicators

The Company aims to align Executive remuneration to its strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last 5 years as required by the Corporations Act 2001. However, these are not necessarily consistent with the specific measures in determining the variable amounts of remuneration to be awarded to Key Management Personnel. As a consequence, there may not always be a direct correlation between the statutory key performance indicators and the variable remuneration awarded.

Item	2018	2017	2016	2015	2014
Loss per share (cents)	(0.1)	(0.5)	(0.4)	(1.7)	(0.9)
Dividends (cents per share)	-	-	-	-	-
Net Loss (\$)	(558,853)	(1,443,837)	(816,727)	(2,919,248)	(1,365,178)
Share price (cents) ⁽¹⁾	\$0.50	\$0.435	\$0.52	\$0.08	\$0.11

(1) Closing share price at 30 June (or the last trading day immediately before) for the relevant year.

B) DETAILS OF REMUNERATION

Details of the nature and amount of each element of remuneration of each Director and other Key Management Personnel of the Group, and the relative proportions of remuneration that are at risk and those that are fixed are shown in the table below:

2018	Short term employee benefits		Long term employee benefits	Post-employment benefits	Share-based payments	Total	Fixed remuneration
	Salary & Fees \$	Movement in annual leave provision \$	Movement in long service leave provision \$	Superannuation \$	Options \$	\$	%
Non-Executive Directors							
R M Joyce	90,000	-	-	-	-	90,000	100
J den Dryver ^(a)	45,662	-	-	4,338	-	50,000	100
G Dunbar ^(b)	30,000	-	-	-	-	30,000	100
S Layman	60,000	-	-	-	-	60,000	100
S Macdonald	60,000	-	-	-	-	60,000	100
G Riley	60,000	-	-	-	-	60,000	100
Sub-total	345,662	-	-	4,338	-	350,000	
Other Key Management Personnel							
M Dunbar	322,093	12,397	26,229	27,907	-	388,626	100
M Ball ^(c)	11,539	1,106	-	-	-	12,645	100
J Goldsworthy	219,178	(3,015)	2,418	20,822	-	239,403	100
I Kerr	303,394	27,444	43	26,605	-	357,486	100
D Lim ^(d)	227,131	13,215	(698)	21,577	-	261,225	100
E O'Malley ^(e)	66,000	19,792	5,158	6,270	-	97,220	100
K Weber	191,381	(3,319)	2,561	18,619	-	209,242	100
Sub-total	1,340,716	67,620	35,711	121,800	-	1,565,847	
Total	1,686,378	67,620	35,711	126,138	-	1,915,847	

(a) Mr J den Dryver retired 18 April 2018.

(b) Mr G Dunbar retired 31 December 2017.

(c) Mr M Ball commenced employment on 18 June 2018.

(d) Mr D Lim resigned as Company Secretary and Chief Financial Officer and ceased being a Key Management Person on 15 June 2018. The balances in the table above relate to the period he was a Key Management Person. The notice period served ended 2 July 2018 after which he was paid a termination payment of \$119,415 which included payment for the remainder of his notice period, payout of annual leave balances and applicable superannuation.

(e) Ms E O'Malley's annual leave is adjusted for additional hours worked above her contracted number of hours.

2017	Short term employee benefits		Long term employee benefits	Post-employment benefits	Share-based payments	Total	Fixed remuneration
	Salary & Fees \$	Movement in annual leave provision \$	Movement in long service leave provision \$	Superannuation \$	Options \$	\$	%
Non-Executive Directors							
R M Joyce	60,000	-	-	-	-	60,000	100
J den Dryver	37,671	-	-	3,579	-	41,250	100
G Dunbar	41,250	-	-	-	-	41,250	100
S Layman ^(a)	3,945	-	-	-	-	3,945	100
S Macdonald	41,250	-	-	-	-	41,250	100
G Riley	41,250	-	-	-	-	41,250	100
Sub-total	225,366	-	-	3,579	-	228,945	
Other Key Management Personnel							
M Dunbar	285,388	19,750	20,915	27,112	552,900	906,065	39
J Goldsworthy	219,178	4,923	13,578	20,822	184,300	442,801	58
I Kerr ^(b)	147,524	4,186	1,194	14,015	276,450	443,369	38
D Lim ^(c)	206,403	7,903	698	19,608	184,300	418,912	56
E O'Malley	20,223	919	(5,594)	1,921	36,860	54,329	32
K Weber ^(d)	172,242	6,639	586	21,199	138,225	338,891	59
Sub-total	1,050,958	44,320	31,377	104,677	1,373,035	2,604,367	
Total	1,276,324	44,320	31,377	108,256	1,373,035	2,833,312	

(a) Ms S Layman appointed 7 June 2017.

(b) Mr I Kerr commenced employment on 5 December 2016.

(c) Mr D Lim commenced employment on 1 February 2017.

(d) Mr K Weber commenced employment on 30 January 2017.

C) SERVICE AGREEMENTS

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in Service Agreements. The major provisions of the agreements relating to remuneration are set out below:

Employee	Position	Base salary ^(a)	Term of agreement	Notice period
M Dunbar	Managing Director	\$350,000 p.a.	Unspecified	Six (6) months
M Ball	Chief Financial Officer	\$328,500 p.a.	Unspecified	Three (3) months
J Goldsworthy	Business Development Manager	\$240,000 p.a.	Unspecified	Three (3) months
I Kerr ^(b)	Executive Director	\$330,000 p.a.	Unspecified	Three (3) months
E O'Malley ^(c)	Company Secretary	\$72,270 p.a.	Unspecified	One (1) month
K Weber	Exploration Manager	\$210,000 p.a.	Unspecified	Three (3) months

(a) Inclusive of superannuation entitlement.

(b) Mr I Kerr is employed on a minimum 0.8 full time equivalent basis.

(c) Ms O'Malley is employed on a 0.4 full time equivalent basis.

Short Term Incentives (STI)

Performance bonuses

During the prior reporting period Messrs M Dunbar and I Kerr's Service Agreements were amended to provide for a one-off \$50,000 cash STI. The STI is payable to Messrs Dunbar and Kerr on the successful achievement of a number of performance measures linked to safety, budget and project delivery. No portion of the bonus vested during the year. No portion of the cash bonus was paid or forfeited during the current financial year. If Messrs Dunbar and Kerr achieve the hurdle performance criteria they will receive the STI in the 2018/19 financial year. The maximum amount that will be paid to each of Messrs Dunbar and Kerr is capped at \$50,000.

D) SHARE-BASED REMUNERATION

Long Term Incentives (LTI)

Granted share options

No options were granted as remuneration to Directors and Key Management Personnel during the financial year. Details of options granted as remuneration during the previous financial year are shown in the table below.

Key Management Personnel	Grant date	Granted No.	Vested No.	Vested %	Forfeited %	Grant date fair value \$/option	Exercise price \$	Expiry date	Vesting date
M Dunbar	16 Dec 2016	3,000,000	3,000,000	100%	0%	\$0.18	\$0.55	15 Dec 2019	16 Dec 2016
J Goldsworthy	16 Dec 2016	1,000,000	1,000,000	100%	0%	\$0.18	\$0.55	15 Dec 2019	16 Dec 2016
I Kerr	16 Dec 2016	1,500,000	1,500,000	100%	0%	\$0.18	\$0.55	15 Dec 2019	16 Dec 2016
D Lim ^(a)	16 Dec 2016	1,000,000	1,000,000	100%	0%	\$0.18	\$0.55	15 Dec 2019	16 Dec 2016
E O'Malley	16 Dec 2016	200,000	200,000	100%	0%	\$0.18	\$0.55	15 Dec 2019	16 Dec 2016
K Weber	16 Dec 2016	750,000	750,000	100%	0%	\$0.18	\$0.55	15 Dec 2019	16 Dec 2016
Total		7,450,000	7,450,000						

(a) Mr D Lim resigned and ceased employment 15 June 2018. It was agreed that Mr D Lim (resignation effective 15 June 2018) would retain granted options until the earlier of the option expiry date or exercise.

These options were granted under the Company's Employee Share Option Plan.

The options had no service or performance conditions and were granted to employees as part of their remuneration. Options may be exercised from the vesting date until expiry. The employee may exercise the options by paying the exercise price in cash or electing to use the cashless exercise facility available under the Employee Share Option Plan whereby the number of shares granted on exercise will be reduced based on the difference between the exercised price and the market price of the underlying share on the exercise date.

Options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the Company's Share Option Plan Rules. The options were provided at no cost to the recipients. Unvested options expire on the earlier of their expiry date or within 30 days of cessation of the employee's employment. Employee incentive options that have vested but have not been exercised lapse on their expiry date. These options do not entitle the holder to participate in any share issue of the Company other than on exercise of the option.

Other than as noted above, there has been no alteration of the terms and conditions of the above options since grant date.

Exercised share options

No options granted as part of Key Management Personnel remuneration were exercised in the financial year. During the previous financial year 3,500,000 share options granted as part of Key Management Personnel remuneration were exercised and, as a result of the exercise, 3,500,000 fully paid ordinary shares of Gascoyne Resources Limited were issued.

Employee	Exercised No.	Exercise price \$/option	Value of options on exercise	Date option granted
M Dunbar	2,300,000	\$0.26	\$736,000	15 Nov 2013
J Goldsworthy	1,000,000	\$0.26	\$355,000	15 Nov 2013
E O'Malley	200,000	\$0.26	\$83,000	15 Nov 2013

The following table discloses details of options over ordinary shares in the Company held during the financial year by Key Management Personnel of the Group.

2018 Key Management Personnel	Balance vested at start of year No.	Granted as remuneration No.	Exercised No.	Forfeited No.	Balance at end of year No.	Balance vested at end of year No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
M Dunbar	3,000,000	-	-	-	3,000,000	3,000,000	-	3,000,000	-
J Goldsworthy	1,000,000	-	-	-	1,000,000	1,000,000	-	1,000,000	-
I Kerr	1,500,000	-	-	-	1,500,000	1,500,000	-	1,500,000	-
D Lim ^(a)	1,000,000	-	-	-	1,000,000	1,000,000	-	1,000,000	-
E O'Malley	200,000	-	-	-	200,000	200,000	-	200,000	-
K Weber	750,000	-	-	-	750,000	750,000	-	750,000	-
Total	7,450,000	-	-	-	7,450,000	7,450,000	-	7,450,000	-

(a) Mr D Lim resigned and ceased employment on 15 June 2018. Mr D Lim (resignation effective 15 June 2018) retains his granted options until the option expiry date.

E) OTHER INFORMATION

Shares held by Key Management Personnel

The following table discloses details of ordinary shares in the Company held during the financial year by Key Management Personnel of the Group.

2018	Balance at start of year No.	Granted as remuneration No.	Received on exercise of options No.	Net other change No.	Balance at end of year No.	Balance held nominally No.
Non-Executive Directors						
R M Joyce	10,783,939	-	-	100,000	10,883,939	-
J den Dryver ^(a)	250,000	-	-	(250,000)	-	-
G Dunbar ^(b)	1,093,655	-	-	(1,093,655)	-	-
S Layman	-	-	-	-	-	-
S Macdonald	14,565,455	-	-	-	14,565,455	-
G Riley	7,036,536	-	-	-	7,036,536	-
Other Key Management Personnel						
M Dunbar	2,480,000	-	-	-	2,480,000	-
M Ball ^(c)	-	-	-	50,000	50,000	-
J Goldsworthy	4,030,000	-	-	-	4,030,000	-
I Kerr	-	-	-	-	-	-
D Lim ^(d)	25,100	-	-	(25,100)	-	-
E O'Malley	250,000	-	-	-	250,000	-
K Weber	14,000	-	-	-	14,000	-
Total	40,528,685	-	-	(1,218,755)	39,309,930	-

(a) Mr J den Dryver retired 18 April 2018.

(b) Mr G Dunbar retired 31 December 2017.

(c) Mr M Ball commenced employment on 18 June 2018.

(d) Mr D Lim resigned and ceased employment on 15 June 2018.

Transactions with Director-related entities

The Company had a services agreement on normal commercial terms and conditions with an entity of which Messrs Joyce, Macdonald and Riley are also directors, for the provision of shared office space and administrative costs, these agreements terminated in February 2017. The current year operating result includes revenue resulting from transactions under this agreement of \$nil (2017: \$32,537) with an amount of \$nil (2017: \$nil) included in receivables at balance date.

The Company entered into a vehicle hire arrangement with an entity of which Messrs Joyce, Macdonald and Riley are also directors. Under this agreement the Company was charged a hire fee at commercial rates for days on which it hired a vehicle. Any hire costs incurred were included in capitalised exploration and evaluation expenditure. During the year exploration expenditure recognised by the Company included an amount of \$nil (2017: \$20,025) in relation to this arrangement with an amount of \$nil (2017: \$nil) payable at balance date.

Transactions with Directors

During the year Non-executive Director Ms Layman provided consultancy services to the Company under an arrangement based on normal commercial terms which the Company had entered into with a non-related entity. The consultancy fees incurred by the Company during the year in relation to this arrangement included an amount of \$66,689 (2017: \$nil), with an amount of \$nil (2017: \$nil) payable at balance date.

The Company had an arrangement based on normal commercial terms with Non-executive Directors Messrs Joyce, Macdonald and Riley for the provision of serviced offices and parking. The current year operating result includes revenue resulting from transactions under these arrangements of \$nil (2017: \$18,000), with an amount of \$nil (2017: \$nil) receivable at balance date.

End of audited Remuneration Report

OFFICERS' INDEMNITY AND INSURANCE

During the year the Group paid an insurance premium to insure all of the Directors and officers of the Company and related bodies corporate.

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the insurance contract.

The Group has agreements with the Directors and officers to indemnify them against any claim and related expenses which arise as a result of work completed in their respective capacities. The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulations under laws of the Commonwealth and State in respect of its exploration, evaluation and development activities and its mining operations. The Group aspires to the highest standard of environmental management and insists its staff and contractors maintain that standard. A significant environmental incident is considered to be one that causes a major impact or impacts to land biodiversity, ecosystem services, water resources or air, with effects lasting greater than one year. There were no significant environmental incidents reported at any of the Groups operations.

NON-AUDIT SERVICES

The Company may decide to employ the Auditor on assignments additional to their statutory audit duties where the Auditor's expertise and experience with the Company and/or the Group are important. No non-audit services were provided to the Group by the Group's Auditor for the year ended 30 June 2018 (2017: \$nil). Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out in note 28.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is included on page 38 of the financial report and forms part of this Directors' Report.

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 part of those proceedings.

The report is made on behalf of the Directors of Gascoyne Resources Limited, dated at Perth this 27th day of September 2018 and signed in accordance with a resolution of the Directors.



R M Joyce
Chairman

AUDITOR’S INDEPENDENCE DECLARATION



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Auditor’s Independence Declaration

To the Directors of Gascoyne Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Gascoyne Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

L A Stella

Partner – Audit & Assurance

Perth, 27 September 2018

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INDEPENDENT AUDITOR’S REPORT



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Independent Auditor’s Report

To the Members of Gascoyne Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Gascoyne Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors’ declaration.

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

- a giving a true and fair view of the Group’s financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 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.

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INDEPENDENT AUDITOR’S REPORT (continued)



Key audit matter	How our audit addressed the key audit matter
Provision for rehabilitation – Note 1(x) and Note 13	
The Group held a rehabilitation provision of \$15,137,431 as at 30 June 2018 relating to the Dalgaranga Gold Project (DGP). The Group reviews its rehabilitation calculations annually or as new information becomes available. Changes in estimates and underlying assumptions are reviewed at least annually including changes to the mining operations, local regulations and rehabilitation requirements. The process for determining the rehabilitation provision involves significant management judgement and subjectivity with regard to the underlying assumptions in determining the expected significant increase in rehabilitation provision. The ability for the Group to determine an appropriate rehabilitation provision based on the expected life of mine is dependent on readily available information to support the estimates and judgements used within the calculation in determining the rehabilitation provision. This area is a key audit matter due to the judgemental nature of the estimates and assumptions used in the rehabilitation provision assessment.	Our procedures included, amongst others: - obtaining an understanding of management's process for determining the rehabilitation provision; - evaluating the reasonableness of management's estimates and judgements to available supporting documentation, including assessing estimates and judgements determined by management experts; - assessing the competencies of management's expert in accordance with ASA 500; - assessing the Group's legal obligations with respect to the rehabilitation requirements in accordance with the Mining Rehabilitation Fund 2012 and the associated effect on the estimated costs; - recalculating the rehabilitation provision calculation to check for mathematical accuracy; and - reviewing the appropriateness of the related disclosures within the financial statements.
Exploration and evaluation assets Note 1(h) and 9	
At 30 June 2018 the carrying value of Exploration and Evaluation Assets was \$28,061,750. In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: - obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; - reviewing management's area of interest considerations against AASB 6; - conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: - tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; - enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; - understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; - evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and - assessing the appropriateness of the related financial statement disclosures.

INDEPENDENT AUDITOR’S REPORT (continued)



Going concern assumption – Note 1a(iii)	
The Group made a loss of \$558,853 for the year ended 30 June 2018, and a working capital deficiency of \$14,978,856 as at 30 June 2018. The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgment required in evaluating the Group's assessment of going concern. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. This is considered a key audit matter as the assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and judgments, as well as occurrences subsequent to balance date.	Our procedures included, amongst others: - obtaining and reviewing management's cash flow forecast to assess whether current cash levels can sustain operations for a period of at least 12 months from the proposed date of signing the financial statements; - agreeing year end cash balances to source bank statements to gain comfort around the cash balances used in the cash flow forecast; - for significant events that occurred post balance date which impacted the cash flow forecast, viewing source documents to support the impact; - assessing the Group's current production results against management's forecast including life of mine reports for consistency of relationships and trends to the historical results, and results since year end; and - assessing the adequacy of the related disclosures within the financial report.
Information other than the financial report and auditor's report thereon	
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 2018, 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 we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.	
Responsibilities of the Directors' for the financial report	
The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the <i>Corporations Act 2001</i> 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.	
Auditor's responsibilities for the audit of the financial report	
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing	

INDEPENDENT AUDITOR'S REPORT (continued)



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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 30 to 36 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Gascoyne Resources Limited, for the year ended 30 June 2018 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 27 September 2018

DIRECTORS' DECLARATION

1. The Directors declare that in their opinion:
 - a. The attached consolidated financial statements and accompanying notes of Gascoyne Resources Limited and its controlled entities are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. there are reasonable grounds to believe that Gascoyne Resources Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2018.
3. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

R M Joyce
Chairman

Dated at Perth this 27th day of September 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Note	Consolidated	
		2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	2	25,144,709	41,774,003
Trade and other receivables	3	2,691,415	1,302,703
Inventories	4	1,438,704	-
Derivative financial instruments	6	703,225	-
Total current assets		29,978,053	43,076,706
Non-current assets			
Derivative financial instruments	6	1,090,415	-
Property, plant and equipment	8	174,588,647	34,153,013
Exploration and evaluation expenditure	9	28,061,750	23,124,120
Other financial assets	7	209,238	208,565
Deferred tax asset	10	3,819,519	3,307,161
Total non-current assets		207,769,569	60,792,859
Total assets		237,747,622	103,869,565
Liabilities			
Current liabilities			
Trade and other payables	11	33,046,505	7,081,240
Borrowings	12	11,313,370	-
Provisions	13	597,034	214,946
Total current liabilities		44,956,909	7,296,186
Non-current liabilities			
Trade and other payables	11	-	99,457
Borrowings	12	61,124,962	-
Provisions	13	15,143,149	357,978
Total non-current liabilities		76,268,111	457,435
Total liabilities		121,225,020	7,753,621
Net assets		116,522,602	96,115,944
Equity			
Share capital	14	125,846,971	104,881,460
Non-controlling interest	15	1,076,469	824,545
Reserves	16	682,753	934,677
Accumulated losses	17	(11,083,591)	(10,524,738)
Total equity		116,522,602	96,115,944

This statement should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	Consolidated	
		2018 \$	2017 \$
Revenue from continuing operations	18	533,614	164,458
Other income	19	1,793,640	-
Employment costs	21	(1,850,329)	(2,385,382)
Audit and accountancy		(75,343)	(43,456)
Investor relations		(273,013)	(324,714)
Finance costs		(274,294)	(286,891)
Information technology costs		(99,797)	(14,525)
Premises costs		(220,376)	(191,257)
Professional services		(256,184)	(66,724)
General administration		(97,767)	(22,329)
Exploration expenditure written off	9	(54,105)	(20,318)
Depreciation		(28,847)	(19,299)
Loss before tax for the year		(902,801)	(3,210,437)
Income tax benefit	23	343,948	1,766,600
Loss after tax for the year		(558,853)	(1,443,837)
Total other comprehensive income		-	-
Total comprehensive income		(558,853)	(1,443,837)
Loss for the period attributable to:			
Owners of the Company		(558,853)	(1,443,837)
Non-controlling interests		-	-
		(558,853)	(1,443,837)
Other comprehensive income for the period attributable to:			
Owners of the Company		-	-
Non-controlling interests		-	-
		-	-
Loss per share			
Basic (cents per share)	25	(0.1)	(0.5)
Diluted (cents per share)	25	(0.1)	(0.5)

This statement should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	Note	Consolidated	
		2018 \$	2017 \$
Operating activities			
Payments to suppliers and employees		(2,906,957)	(2,491,141)
Interest received		324,467	147,487
Other revenue received		53,574	36,056
Finance charges paid		(1,079,693)	-
Net cash flows used in operating activities	2(b)	(3,608,609)	(2,307,598)
Investing activities			
Payments for exploration and evaluation expenditure		(3,524,589)	(7,588,634)
Payments for project acquisitions		-	(5,917,084)
Payments for mine properties under development		(92,108,895)	(9,825,418)
Proceeds from the sale of pre-production inventories		2,759,677	-
Transfer to security deposits		(674)	(178,562)
Net cash flows used in investing activities		(92,874,481)	(23,509,698)
Financing activities			
Proceeds from issue of shares		21,499,013	55,922,550
Share issue costs		(1,331,903)	(3,211,010)
Proceeds from borrowings		61,108,991	-
Repayment of borrowings		(249,717)	-
Payments for borrowings transaction costs		(1,328,526)	-
Net cash flows provided by financing activities		79,697,858	52,711,540
Net (decrease)/increase in Cash and cash equivalents		(16,785,232)	26,894,244
Effects of exchange rate changes on Cash and cash equivalents		155,938	-
Cash and cash equivalents at the beginning of the year		41,774,003	14,879,759
Cash and cash equivalents at the end of the year	2(a)	25,144,709	41,774,003

This statement should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Share capital \$	Share option reserve \$	Exploration asset reserve \$	Accumulated losses \$	Amount attributable to owners of the parent \$	Non-controlling interests \$	Total \$
2018							
Balance at the beginning of the financial year	104,881,460	1,446,755	(512,078)	(10,524,738)	95,291,399	824,545	96,115,944
Loss for the year	-	-	-	(558,853)	(558,853)	-	(558,853)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(558,853)	(558,853)	-	(558,853)
Movement in non-controlling interests' share of net assets	-	-	(251,924)	-	(251,924)	251,924	-
Shares issued	21,898,013	-	-	-	21,898,013	-	21,898,013
Share issue costs	(1,331,903)	-	-	-	(1,331,903)	-	(1,331,903)
Deferred tax credit recognised directly in equity	399,401	-	-	-	399,401	-	399,401
Balance at the end of the financial year	125,846,971	1,446,755	(764,002)	(11,083,591)	115,446,133	1,076,469	116,522,602
2017							
Balance at the beginning of the financial year	46,121,808	255,500	(857,929)	(9,080,901)	36,438,478	1,245,473	37,683,951
Loss for the year	-	-	-	(1,443,837)	(1,443,837)	-	(1,443,837)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(1,443,837)	(1,443,837)	-	(1,443,837)
Movement in non-controlling interests' share of net assets	-	-	345,851	-	345,851	(420,928)	(75,077)
Shares issued	60,413,050	(255,500)	-	-	60,157,550	-	60,157,550
Options issued	-	1,446,755	-	-	1,446,755	-	1,446,755
Share issue costs	(3,193,961)	-	-	-	(3,193,961)	-	(3,193,961)
Deferred tax credit recognised directly in equity	1,540,563	-	-	-	1,540,563	-	1,540,563
Balance at the end of the financial year	104,881,460	1,446,755	(512,078)	(10,524,738)	95,291,399	824,545	96,115,944

This statement should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial report for Gascoyne Resources Limited and its controlled entities (Consolidated Entity or Group) for the year ended 30 June 2018 was approved and authorised for issue by the Company's Board of Directors on 27th September 2018.

Gascoyne Resources Limited is a listed public company, incorporated and operating in Australia. The address of its registered office and its principal place of business is Level 1, 41 – 47 Colin Street, West Perth, Australia.

A) BASIS OF PREPARATION

The financial report is a general-purpose financial report that has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Gascoyne Resources Limited is a for profit entity for the purpose of preparing financial statements.

(i) Compliance with IFRS

Compliance with Australian Accounting Standards results in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(ii) Historical cost convention

These financial statements have been prepared using the historical cost convention, except for financial assets and liabilities (including derivative instruments) which are measured at fair value.

(iii) Going Concern

The financial statements have been prepared on the going concern basis with the assumption that the Group will continue to meet its commitments when due in the ordinary course of business. During the year ended 30 June 2018 the Group incurred a net loss of \$558,853 (2017: loss of \$1,443,837) and at balance date had net current liabilities of \$14,978,856 (2017: net current assets of \$35,780,520). Subsequent to balance date the Group has completed development activities and commenced production at Dalgara. The Group expects to generate cash flow from operations at Dalgara to provide funding to enable it to meet its obligations when due. An equity raising was completed subsequent to balance date to provide additional working capital as Dalgara continued to ramp up to commercial production, refer note 30.

As such the Directors have a reasonable expectation that the Group will have adequate resources to continue as a going concern for the foreseeable future.

B) PRINCIPLES OF CONSOLIDATION

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as at balance date. A subsidiary is an entity that is controlled by the Parent. The Parent controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated financial statements are prepared using uniform accounting policies for each Group member and all Group members have a 30 June balance date.

The Group consolidates the assets, liabilities and results of a subsidiary from the date on which it first controls the entity. On loss of control of a subsidiary the Group de-recognises the assets and liabilities of the former subsidiary, and recognises any investment it retains in its former subsidiary in accordance with the relevant accounting standard(s).

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group entities. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B) PRINCIPLES OF CONSOLIDATION (continued)

A non-controlling interest is recognised in the Consolidated Statement of Financial Position within equity where an entity outside of the Group has an ownership interest in a subsidiary or its net assets.

C) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director and the Executive Team (the chief operating decision makers). The Group operates in one business segment, being the exploration and evaluation for, and development of gold projects. The Group operates in one geographical segment, being Western Australia. The Group considers its business operations to be its primary reporting function.

D) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(ii) Foreign currency 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 of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the Consolidated Statement of Profit or Loss.

E) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits at call with financial institutions and 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.

F) INCOME TAX

The income tax expense or credit recognised in the profit or loss for the period comprises the tax payable on the current periods taxable income based on the applicable tax rate 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. 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. Deferred income tax is determined using tax rates (and laws) enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences. Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxing authority. Current tax assets and 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F) INCOME TAX (continued)

Current and deferred tax is recognised in profit and 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.

Any research and development tax offset due to the Company, from the Australian Taxation Office, will be recognised under the tax expense line in the Consolidated Statement of Profit or Loss when the amount to be received is known.

Gascoyne Resources Limited and its wholly-owned Australian subsidiaries are consolidated for the purposes of Australian income tax legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of the consolidated tax group have been offset in the consolidated financial statements.

G) INVENTORIES

The costs of individual items of inventory are determined using weighted average costs. Costs of purchased inventories are determined after deducting rebates and discounts. Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

H) EXPLORATION AND EVALUATION

Exploration and evaluation expenditure incurred is capitalised and accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the rights of tenure of the area of interest is current, and they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off and recognised in the calculation of profit or loss in the year in which the decision to abandon the area is made.

On completion of a successful Bankable Feasibility Study over an area of interest, or where the Group decides to proceed with the development of an area of interest, the carrying value of exploration and evaluation expenditure for that area of interest is reclassified as Mine Properties.

At least annually a review is undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

I) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recognised at cost at the date of acquisition when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be reliably measured. 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 where it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably.

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Consolidated Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I) PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Impairment

The carrying values of Property, plant and equipment are reviewed for impairment at each balance date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. This assessment for impairment is discussed further in note 1(J).

(ii) Depreciation of property, plant and equipment

The depreciable amount of property, plant and equipment, being the cost of the asset, less its residual value, is depreciated over the assets' useful lives. Depreciation commences when the property, plant and equipment is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	Straight line 9% to 40%
Motor vehicles	Straight line 22.2%
Exploration equipment	100%

J) IMPAIRMENT TESTING OF PROPERTY, PLANT AND EQUIPMENT

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

K) MINE PROPERTIES UNDER DEVELOPMENT

Mine properties under development represent the costs incurred in preparing mines for production and includes plant and equipment under construction and operating costs incurred before production commences. Production is deemed to commence when the mine assets are installed and ready for use in the location and condition necessary for them to be capable of operating in the manner intended by management. These costs are capitalised to the extent they are expected to be recouped through the successful exploitation of the related mining leases. Pre-production revenues are offset against capitalised pre-production costs (\$2,759,677 in the current financial year). Once production commences, these costs are transferred to property, plant and equipment and mine properties, as relevant and are depreciated and amortised using the units of production method based on the estimated economically recoverable resource contained in the mine plan to be extracted to which they relate, or are written off if the mine property is abandoned.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K) MINE PROPERTIES UNDER DEVELOPMENT (continued)

(i) Capitalised stripping costs

Overburden and other mine waste materials removed during the initial development of an open pit mine in order to access the mineral deposit is referred to as development stripping. Costs directly attributable to development stripping inclusive of an allocation of relevant overhead expenditure, are capitalised as a non-current asset in mine properties. Capitalisation of development stripping costs cease at the time that ore begins to be extracted from the mine. Development stripping costs are amortised over the useful life of the orebody that access has been provided to on a units of production basis based on the estimated economically recoverable resource contained in the mine plan to be extracted.

Production stripping commences at the time that ore begins to be extracted from the mine and normally continues throughout the life of a mine. The costs of production stripping are charged to the income statement as operating costs, when the current rate of waste material to ore extracted for a component of the ore body is below the expected stripping ratio of that component. When the ratio of waste to ore is not expected to be constant, production stripping costs are accounted for as follows:

- all costs are initially charged to the profit or loss as operating costs;
- when the current ratio of waste to ore is greater than the estimated ratio of a component of the ore body, a portion of the stripping costs, inclusive of an allocation of relevant overhead expenditure, is capitalised to mine properties; and
- the capitalised stripping asset is amortised over the useful life of the ore body to which access has been improved.

The amount of production stripping costs capitalised or charged in a reporting period is determined so that the stripping expense for the period reflects the estimate stripping ratio of the ore component. Changes to the estimated waste to ore ratio of a component of the ore body are accounted for prospectively from the date of change. Deferred stripping capitalised is included in mine properties.

(ii) Other costs capitalised into mine properties under development

Mine properties under development includes capitalised expenditure in relation to exploration, evaluation, feasibility and acquisition costs incurred on projects for which the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Also included is the cost of rehabilitation and mine closure relating to assets reflected in mine properties under development.

Pre-production operating costs incurred by the Group previously accumulated and carried forward in mine properties under development are transferred to mine properties in relation to areas of interest in which mining has now commenced.

These assets are stated at cost, less accumulated amortisation and accumulated impairment expense. Other mine properties are amortised on a units of production basis over the economically recoverable resource contained in the relevant mine plan.

L) INTERESTS IN JOINT ARRANGEMENTS

A Joint Arrangement is an arrangement of which two or more parties have joint control. Joint Control exists where the parties agree to sharing the control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group classifies Joint Arrangements as either a Joint Operation or Joint Venture. Joint Operations are joint arrangements in which the parties have rights to the assets and obligations for liabilities relating to the arrangement. A Joint Venture is a joint arrangement in which the parties have rights to the net assets relating to the arrangement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L) INTERESTS IN JOINT ARRANGEMENTS (continued)

Interests in Joint Operations are accounted for by recognising the Group's share of assets, liabilities, revenue and expenditures. Interests in Joint Ventures are recognised as an investment and accounted for using the equity method of accounting.

M) IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested at each balance date for impairment. Assets that are subject to amortisation 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 estimated 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 flows (cash generating units).

N) NON-DERIVATIVE FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value on trade date plus, in the case of financial assets not at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, these instruments are measured as set out below.

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 arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are classified as non-current assets. Loans and receivables are included in Trade and other receivables in the Consolidated Statement of Financial Position (refer note 3).

Held-to-maturity investment (HTM investments)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the intention to hold to maturity other than:

- those that the Group, upon initial recognition, designate as at fair value through profit or loss;
- those that the Group designate as available for sale; or
- those that meet the definition of loans and receivables.

The Group holds cash on deposit in the form of term deposits which are used to cash back obligations under its credit card facilities and operating leases related to its Perth corporate office.

These HTM investments are recognised under other financial assets in the Consolidated Statement of Financial Position (refer note 7).

O) SHARE OPTIONS

Share-based employee remuneration

Share-based compensation benefits are provided to employees via various Share Option Plans.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O) SHARE OPTIONS (continued)

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

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital. The market value of shares issued to employees for no cash consideration under the Share Option Plans is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

P) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the specific recognition criteria have been met where applicable.

Interest receivable

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Q) TRADE AND OTHER PAYABLES

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition or in accordance with the payment terms agreed with the supplier. Trade and other payables represent current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

R) RECEIVABLES

Other receivables generally arise from transactions outside the normal operating activities of the Group. Collateral is not normally obtained. Receivables are initially recognised at fair value and then subsequently measured at amortised cost, less provision for impairment. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is recognised in the profit and loss.

S) FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at each balance date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S) FAIR VALUE ESTIMATION (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

T) 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 Consolidated Statement of Financial Position.

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

U) BORROWINGS

Borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are derecognised when the contractual obligations are discharged, cancelled or expire. Any difference between the carrying amount of a derecognised liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Consolidated Statement of Profit or Loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

V) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the period in which they are incurred and reported as finance costs in the Consolidated Statement of Profit or Loss.

W) LEASES

(i) Finance leases

Finance lease liabilities, which transfer substantially all of the risks and rewards incidental to ownership of the leased item to the Group, are initially recognised at the fair value of the underlying assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to reflect a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognised in Finance Costs in the Consolidated Statement of Profit or Loss.

Assets acquired under finance leases are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

W) LEASES (continued)

(ii) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Operating lease payments are recognised as an operating expense in the Consolidated Statement of Profit or Loss on a straight-line basis over the lease term.

X) PROVISIONS

Provisions are recognised for liabilities when the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

(i) Employee benefits provisions

Provision is made for benefits accruing to employees in respect of annual and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of annual and long service leave and other employee benefits which are expected to be settled wholly within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. The liabilities are presented as current employee benefit provisions in the Consolidated Statement of Financial Position.

Provisions made in respect of long service leave and annual leave which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by the employees up to balance date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the Consolidated Statement of Profit and Loss.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(ii) Rehabilitation and mine closure provisions

The Group has obligations to dismantle and remove certain items of property, plant and equipment and to restore and rehabilitate the land on which they sit.

A provision is raised or the estimated cost for settling the rehabilitation and restoration obligation existing at balance date, discounted to present value using an appropriate after tax discount rate.

Where the obligation is related to an item of property, plant and equipment, its cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. Costs that relate to obligations arising from waste created by the production process are recognised as production costs in the period in which they arise.

The discounted value reflects a combination of management's assessment of the nature and extent of work required, the future cost of performing the work required, the timing of cash flows and the discount rate. The increase in the provision due to the passage of time is recognised in finance charges in the Consolidated Statement of Profit and Loss.

Provisions are reassessed at least annually. A change in the assumptions used to determine the provisions could have a material impact on the carrying value of the provision.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y) 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.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by allowing for:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Z) CRITICAL ACCOUNTING ESTIMATES AND OTHER ACCOUNTING JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual result. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Exploration and evaluation expenditure

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

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

(ii) Mine properties under development

The Group has capitalised significant expenditures in relation to mine properties under development. The future recoverability of capitalised expenditures is dependent on the generation of sufficient future cash flows from operations (or alternately sale). Factors that could impact the future recoverability of mine properties include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations or rights to tenure of the underlying mining and exploration leases), and changes to commodity prices and exchange rates.

Estimates of economically recoverable quantities of resources and reserves also include assumptions requiring significant judgement as detailed in the resource and reserve statements. The Group estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code). The information on mineral resources and ore reserves was prepared under the supervision of Competent Persons as defined in the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information is available. Information obtained through infill drilling, changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Z) CRITICAL ACCOUNTING ESTIMATES AND OTHER ACCOUNTING JUDGEMENTS (continued)

(iii) Commencement of production activities

The Group has exercised significant judgement in assessing the timing of the commencement of production activities at the Dalgara. Determining when development ends and production starts is complicated. Production is deemed to commence when the mine assets are installed and ready for use in the location and condition necessary for them to be capable of operating in the manner intended by management. Commissioning activities were continuing at balance date and as such the Dalgara had not commenced production. Pre-production costs for the period have been capitalised into mine properties under development as set out in the accounting policy and depreciation has not yet commenced. Pre-production revenues have been offset against mine properties under development.

(iv) Option valuations

Management uses a Black and Scholes option pricing model to determine the fair values of options granted, both the selection of the valuation methodology and various inputs to the model are subject to management judgement.

(v) Rehabilitation and mine closure provisions

A provision for rehabilitation and mine closure costs relating to Dalgara has been recognised. The provision represents the present value of estimated costs of dismantling plant, equipment and infrastructure and rehabilitating the area of disturbance which existed at balance date. In order to calculate the value of the provision, Management has estimated among other things, the nature and extent of the work required, the future cost of performing the work, the timing of cash flows and the applicable discount rate. These estimates may ultimately prove to be different to the actual cost and timing of work undertaken.

There are many factors that may impact the timing and ultimate cost to rehabilitate sites where mining and /or exploration activities have previously taken place including changes in the cost of goods and services required for rehabilitation activities, changes to the legal and regulatory framework, and future exploration and development activity.

Management review the provision each year and adjust the inputs used to calculate the provision when required.

(vi) Deferred tax assets

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate taxation determination is uncertain. The Group estimates its tax liabilities based on its understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such a determination is made.

In addition, the Group has recognised deferred tax assets relating to carry forward tax losses and other unused tax credits to the extent that it is probable that sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the losses and other unused tax credits can be utilised. Utilisation of the tax losses also depends upon the ability of the Group to satisfy certain tests at the time the losses are recouped. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and amount of future taxable income, together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AA) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP IN THIS FINANCIAL REPORT

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. These include:

AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*
AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle*

The adoption of all of the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reported for the current or prior periods.

AB) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP

New and revised accounting standards and amendments that are currently issued for future reporting periods that are considered relevant to the Group include:

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 *Financial Instruments: Recognition and Measurement*. The main changes are:

- Financial assets that are debt instruments will be classified based on: (i) the objective of an entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
 - Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
 - Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
 - Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
 - Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI); and
 - the remaining change is presented in profit or loss.
- If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AB) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP (continued)

AASB 9 Financial Instruments (continued)

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The Group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 *Construction Contracts* and some revenue-related Interpretations:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time;
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing); and
- expands and improves disclosures about revenue.

The Group is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The Group is yet to undertake a detailed assessment of the impact of AASB 16.

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15

AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AB) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP (continued)

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*.

The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method.

Corresponding amendments have also been made to AASB 128.

AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15

The amendments clarify the application of AASB 15 in three specific areas to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. They will help companies:

- Identify performance obligations (by clarifying how to apply the concept of 'distinct');
- Determine whether a company is a principal or an agent in a transaction (by clarifying how to apply the control principle);
- Determine whether a licence transfers to a customer at a point in time or over time (by clarifying when a company's activities significantly affect the intellectual property to which the customer has rights).

The amendments also create two additional practical expedients available for use when implementing AASB 15:

- For contracts that have been modified before the beginning of the earliest period presented, the amendments allow companies to use hindsight when identifying the performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.
- Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

This Standard amends AASB 2 *Share-based Payment* to address:

- The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- The classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AB) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP (continued)

AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

AASB 2017-1 amends:

- AASB 1 *First-time Adoption of Australian Accounting Standards* to delete some short-term exemptions for first-time adopters that were available only for reporting periods that have passed and to add exemptions arising from AASB *Interpretation 22 Foreign Currency Transactions and Advance Consideration*;
- AASB 128 *Investments in Associates and Joint Ventures* to clarify that:
 - a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture; and
 - an entity that is not an investment entity may elect to retain the fair value measurement applied by its associates and joint ventures that are investment entities when applying the equity method. This choice is available separately for each investment entity associate or joint venture; and
- AASB 140 *Investment Property* to reflect the principle that an entity transfers a property to, or from, investment property when, and only when, there is a change in use of the property supported by evidence that a change in use has occurred.

AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

This Standard clarifies the scope of AASB 12 *Disclosure of Interests in Other Entities* by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty Over Income Tax Treatments

AASB 2017-4 amends AASB 1 *First-time Adoption of Australian Accounting Standards* to add paragraphs arising from AASB *Interpretation 23 Uncertainty over Income Tax Treatments*.

AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2017-5 defers the mandatory effective date of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2022 instead of 1 January 2018.

AASB 2017-7 Amendments to Australian Accounting Standards – Long Term Interests in Associates and Joint Ventures

AASB 2017-7 amends AASB 128 *Investments in Associates and Joint Ventures* to clarify that an entity is required to account for long term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 *Financial Instruments* before applying the loss allocation and impairment requirements in AASB 128.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AB) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP (continued)

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements to IFRS Standards 2015-2017 cycle

AASB 2018-1 makes a number of relatively minor amendments to AASB 3 *Business Combinations*, AASB 111 *Joint Arrangements*, AASB 112 *Income Taxes* and AASB 123 *Borrowing Costs*.

AASB 2018-2 Amendments to Australian Accounting Standards – Annual Improvements to IFRS Standards 2015-2017 cycle

AASB 2018-2 amends AASB 119 *Employee Benefits* to specify how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments require an entity to use the assumptions used for the remeasurement of the net defined benefit liability or asset to determine the current service cost and the net interest for the remainder of the reporting period after a plan event occurs. This Standard also clarifies that, when a plan event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.

Interpretation 22 Foreign Currency Transactions and Advance Consideration

Interpretation 22 looks at what exchange rate to use for translation when payments are made or received in advance of the related asset, expense or income.

Although AASB 121 *The Effects of Changes in Foreign Exchange Rates* sets out requirements about which exchange rate to use when recording a foreign currency transaction on initial recognition in an entity's functional currency, the IFRS Interpretations Committee had observed diversity in practice in circumstances in which an entity recognises a non-monetary liability arising from advance consideration. The diversity resulted from the fact that some entities were recognising revenue using the spot exchange rate at the date of the receipt of the advance consideration while others were using the spot exchange rate at the date that revenue was recognised.

Interpretation 22 addresses this issue by clarifying that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

Interpretation 23 Uncertainty Over Income Tax Treatments

Interpretation 23 clarifies how the recognition and measurement requirements of IAS 12 *Income Taxes* are applied where there is uncertainty over income tax treatments.

The Group is yet to undertake a detailed assessment of the impact of the above amendments. However, based on the Group's preliminary assessment, the amendments are not expected to have a material impact on the transactions and balances recognised in the financial statements when they are first adopted.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AB) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP (continued)

The following have no impact on the Group's accounting policies or financial statements:

- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-For-Profit Entities*
- AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment features with negative compensation*
- IFRS 17 *Insurance Contracts*

2. CASH AND CASH EQUIVALENTS

A) RECONCILIATION OF CASH

Cash and cash equivalents include the following components:

	Consolidated	
	2018 \$	2017 \$
Cash at bank	25,144,509	41,773,803
Cash on hand	200	200
Total cash	25,144,709	41,774,003

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

2. CASH AND CASH EQUIVALENTS (continued)

B) RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2018 \$	2017 \$
Loss after income tax	(558,853)	(1,443,837)
<i>Non-cash items</i>		
Income tax benefit	(343,948)	(1,766,600)
Depreciation	28,847	19,299
Impairment/write off of exploration and evaluation assets	54,105	20,318
Share based payments	-	1,446,755
Fair value movement in derivative financial instruments	(1,793,640)	-
Unrealised foreign exchange gains	(155,938)	-
Loss on disposal of assets	-	2,084
<i>Changes in net assets and liabilities</i>		
<i>(Increase)/decrease in assets</i>		
(Increase) in trade and other receivables	(125,930)	(1,035,073)
<i>Increase/(decrease) in liabilities</i>		
Increase/(decrease) in trade and other payables	(861,591)	349,134
Increase in provisions	148,339	100,322
Net cash flows used in operating activities	(3,608,609)	(2,307,598)

C) NON-CASH TRANSACTIONS

During the year the Company issued 950,000 shares (2017: 11,000,000 shares) with a market value of \$0.420 (2017: \$0.385) per share as part consideration for the acquisition of a 100% interest (2017: 20% interest) in mineral tenements comprising the Dalgara Project.

Property, plant and equipment of \$13,973,798 (2017: \$nil) was acquired under finance leases during the year. Of this amount, \$12,864,807 was acquired on a non-cash basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

2. CASH AND CASH EQUIVALENTS (continued)

D) RECONCILIATION OF MOVEMENTS IN BORROWINGS

2018	Consolidated		
	Secured bank loan facility \$	Finance leases \$	Total \$
Balance at 1 July 2017	-	-	-
<i>Cash flows</i>			
Proceeds	60,000,000	1,108,991	61,108,991
Repayments	-	(249,717)	(249,717)
Interest and transaction costs paid	(2,315,263)	(92,956)	(2,408,219)
<i>Non-cash movements</i>			
Non-cash borrowings	-	12,864,807	12,864,807
Interest and fees expense ^(a)	1,029,512	92,958	1,122,470
Balance at 30 June 2018	58,714,249	13,724,083	72,438,332

(a) Interest costs incurred on borrowings that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset (2018: \$1,029,512, 2017: \$nil).

3. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018 \$	2017 \$
Prepayments	113,538	40,547
GST and fuel tax credit receivables	2,341,503	1,257,082
Research and development tax refund receivable	230,991	-
Other receivables	5,383	5,074
Total current receivables	2,691,415	1,302,703

4. INVENTORIES

	Consolidated	
	2018 \$	2017 \$
Consumable stores	1,438,704	-
Total inventories	1,438,704	-

Consumable stores include diesel, grinding media, reagents and other consumables held for use in the production process or maintenance of the operating plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

5. CONTROLLED ENTITIES

INTERESTS IN SUBSIDIARIES

Name of subsidiary	Country of incorporation	Ownership interest	
		2018	2017
Gascoyne Resources (WA) Pty Ltd	Australia	100%	100%
Dalgaranga Operations Pty Ltd	Australia	100%	100%
GNT Resources Pty Ltd	Australia	100%	100%
Egerton Exploration Pty Ltd	Australia	100%	100%
Dalgaranga Exploration Pty Ltd	Australia	100%	-
Gascoyne (Ops Management) Pty Ltd	Australia	100%	100%
Dalgaranga Joint Ventures	Unincorporated	80%	80%

CONTRACTUAL JOINT VENTURES CLASSIFIED AS SUBSIDIARIES

Name	Principal place of business	Ownership interest	
		2018	2017
Dalgaranga Joint Venture	Perth, Australia	80%	80%
Dalgaranga Joint Venture	Perth, Australia	80%	80%

Gascoyne is party to two contractual joint ventures to undertake mineral exploration on tenements that form part of Dalgaranga. The joint venture entities form part of the Group in accordance with AASB 10 *Consolidated Financial Statements*.

The Dalgaranga Joint Ventures' activities include the exploration of the joint venture areas for minerals and if successful, to develop and mine minerals within the joint venture areas. Under the terms of the agreements Gascoyne is required to free carry the vendors' participating interest in the joint ventures by sole funding the joint venture costs until the earlier of, the completion of a bankable feasibility study, a decision to commence mining operations, or an election by the Non-controlling joint venture partner to convert their respective 20% participation interest to a 2% net smelter return royalty. If an election is made to convert to a net smelter royalty the Group's ownership interest in the respective joint ventures' net assets will increase to 100%.

6. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	2018 \$	2017 \$
Current		
Commodity swap contracts	703,225	-
Total derivative financial instruments – current	703,225	-
Non-Current		
Commodity swap contracts	1,090,415	-
Total derivative financial instruments – non-current	1,090,415	-

During the year the Group entered into a fixed price Singapore gas oil swap contracts to mitigate the risk of adverse price movements in the diesel price. Refer to notes 20 and 26 for details.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

7. OTHER FINANCIAL ASSETS

	Consolidated	
	2018 \$	2017 \$
Non-current		
Held-to-maturity investments	209,238	208,565
Total other financial assets – non-current	209,238	208,565

8. PROPERTY, PLANT AND EQUIPMENT

2018	Consolidated		
	Plant and equipment \$	Mine properties under development \$	Total \$
Cost			
Balance at 1 July 2017	511,496	34,097,381	34,608,877
Additions	207,000	140,357,500	140,564,500
Disposals	-	-	-
Balance at 30 June 2018	718,496	174,454,881	175,173,377
Accumulated depreciation			
Balance at 1 July 2017	455,864	-	455,864
Depreciation – expense	28,847	-	28,847
Depreciation – capitalised as exploration cost	100,019	-	100,019
Disposals	-	-	-
Balance at 30 June 2018	584,730	-	584,730
Closing book value	133,766	174,454,881	174,588,647

Mine properties under development consist of costs related to the development of Dalgara. Refer to the related accounting policies in note 1 for further details.

Mine properties under development include \$13,973,798 (2017: \$nil) of plant and equipment acquired under finance leases during the year.

Borrowing costs of \$1,029,512 (2017: \$nil) relating to qualifying assets were capitalised during the period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

8. PROPERTY, PLANT AND EQUIPMENT (continued)

2017	Consolidated		
	Plant and equipment \$	Mine properties under development \$	Total \$
Cost			
Balance at 1 July 2016	336,954	-	336,954
Additions	209,919	17,702,229	17,912,148
Acquisition cost - cash	-	5,042,039	5,042,039
Acquisition cost - share-based payments	-	4,235,000	4,235,000
Disposals	(35,377)	-	(35,377)
Transfers from exploration	-	7,118,113	7,118,113
Balance at 30 June 2017	511,496	34,097,381	34,608,877
Accumulated depreciation			
Balance at 1 July 2016	300,265	-	300,265
Depreciation - expense	19,299	-	19,299
Depreciation - capitalised as exploration cost	169,592	-	169,592
Disposals	(33,292)	-	(33,292)
Balance at 30 June 2017	455,864	-	455,864
Closing book value	55,632	34,097,381	34,153,013

In November 2016 the Company completed a Bankable Feasibility Study on Dalgara which demonstrated an economically viable project. In accordance with the Group's accounting policies, on completion of the Bankable Feasibility Study the capitalised exploration and evaluation costs associated with the tenements forming the Dalgara Gold Project were reclassified to mine properties.

ASSETS PLEDGED AS SECURITY

Refer to note 12 for details of assets pledged as security by the Group for loan borrowings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

9. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2018 \$	2017 \$
Balance at beginning of financial year	23,124,120	24,547,763
Acquisition cost	499,035	-
Expenditure incurred during the year	4,492,700	5,714,788
Reclassified to mine properties under development	-	(7,118,113)
Impairment losses/expenditures written off	(54,105)	(20,318)
Balance at end of financial year	28,061,750	23,124,120

There may exist, on the Group's exploration properties, areas subject to claim under native title or containing sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

10. DEFERRED TAX ASSET

2018	Consolidated					
	Opening balance \$	Charged to income \$	Charged to equity \$	Over/(under) provision \$	Transfer \$	Closing balance \$
Deferred tax assets:						
- tax losses	11,693,075	2,989,426	-	4,467	-	14,686,968
- capital raising costs	977,551	(343,203)	399,401	-	-	1,033,749
- provisions	99,027	130,815	-	-	-	229,842
- capital raising costs	84,546	(43,454)	-	-	-	41,092
Total deferred tax assets	12,854,199	2,733,584	399,401	4,467	-	15,991,651
Deferred tax liabilities:						
- exploration and evaluation expenditure	(6,671,046)	(1,358,944)	-	-	-	(8,029,990)
- property, plant and equipment	(2,875,882)	(681,387)	-	-	-	(3,557,269)
- derivative financial instruments	-	(538,092)	-	-	-	(538,092)
- foreign exchange movements	-	(46,781)	-	-	-	(46,781)
- other	(110)	110	-	-	-	-
Total deferred tax liabilities	(9,547,038)	(2,625,094)	-	-	-	(12,172,132)
Net deferred tax asset	3,307,161	108,490	399,401	4,467	-	3,819,519

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

10. DEFERRED TAX ASSET (continued)

2017	Consolidated					
	Opening balance \$	Charged to income \$	Charged to equity \$	Over/(under) provision \$	Transfer \$	Closing balance \$
Deferred tax assets:						
- tax losses	6,960,116	4,733,060	-	(101)	-	11,693,075
- capital raising costs	-	(563,012)	1,540,563	-	-	977,551
- provisions	-	99,027	-	-	-	99,027
- borrowing costs	-	84,546	-	-	-	84,546
Total deferred tax assets	6,960,116	4,353,621	1,540,563	(101)	-	12,854,199
Deferred tax liabilities:						
- exploration and evaluation expenditure	(6,960,116)	(2,581,643)	-	-	2,870,713	(6,671,046)
- property, plant and equipment	-	(5,169)	-	-	(2,870,713)	(2,875,882)
- other	-	(110)	-	-	-	(110)
Total deferred tax liabilities	(6,960,116)	(2,586,922)	-	-	-	(9,547,038)
Net deferred tax asset	-	1,766,699	1,540,563	(101)	-	3,307,161

Deferred tax assets and liabilities are offset pursuant to set-off provisions.

11. TRADE AND OTHER PAYABLES

	Consolidated	
	2018 \$	2017 \$
Current		
Trade payables	28,432,123	7,017,275
Deferred contractor mobilisation payables	4,415,688	-
Employee benefits	198,694	63,965
Total trade and other payables – current	33,046,505	7,081,240
Non-current		
Trade payables	-	99,457
Total trade and other payables – non-current	-	99,457

Deferred contractor mobilisation payables represent costs relating to the mobilisation and site establishment for the mining contractor equipment and infrastructure for Dalgara that have been deferred with settlement to occur within the twelve months from balance date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

12. BORROWINGS

	Consolidated	
	2018 \$	2017 \$
Current		
Secured bank loan facility	9,088,910	-
Finance lease liabilities	2,224,460	-
Total borrowings – current	11,313,370	-
Non-current		
Secured bank loan facility	49,625,339	-
Finance lease liabilities	11,499,623	-
Total borrowings – non-current	61,124,962	-

SECURED BANK LOAN FACILITY

The Group entered into a syndicated facility agreement with Commonwealth Bank of Australia and National Australia Bank during the year for the provision of a secured \$60,000,000 Project Finance Facility to fund the development of Dalgaranga. The loan is interest-bearing with a variable interest rate based on the BBSY rate plus a margin of 2.75% prior to the Project Completion Date and 2.50% thereafter.

The facility was fully drawn down as at balance date. The loan is repayable by June 2022, repayments of principal are to commence on 31 December 2018.

The loan is secured by the following:

- a general security agreement over all of the assets of GNT Resources Pty Ltd and holding company Dalgaranga Operations Pty Ltd;
- a first ranking mining mortgage over the mining lease and certain other miscellaneous licences relating to Dalgaranga in accordance with the *Mining Act 1978 (WA)*;
- a guarantee provided by Gascoyne Resources Limited until project completion has been reached; and
- a guarantee provided by Dalgaranga Operations Pty Ltd.

Refer to the table below for details of assets of the Group pledged as security for the loan facility borrowings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

12. BORROWINGS (continued)

SECURED BANK LOAN FACILITY (continued)

The carrying amounts of assets pledged as security for the Secured Bank Loan Facility are:

	Consolidated	
	2018 \$	2017 \$
Current		
Cash and cash equivalents	14,162,988	-
Trade and other receivables	2,343,053	-
Inventories	1,438,704	-
Derivative financial instruments	703,225	-
Total current assets pledged as security	18,647,970	-
Non-current		
Derivative financial instruments	1,090,415	-
Property, plant and equipment	174,454,881	-
Total non-current assets pledged as security	175,545,296	-
Total assets pledged as security	194,193,266	-

A) FINANCE LEASE LIABILITIES

The Group entered into finance leases during the year for the provision of equipment and infrastructure relating to Dalgaranga. The power purchase agreement with Zenith Pacific (DGA) Pty Ltd for the design, construction, installation, operation and maintenance of electricity supply generating facilities and associated energy infrastructure meets the definition of a finance lease under accounting standards. As such the value of the power generating facilities and associated infrastructure have been reflected in note 8 and the finance lease component of the charges under the agreement have been reflected below. Charges relating to the provision of electricity will be reflected in operating costs once development activities complete and production commences.

Finance lease commitments are payable as follows:

	Consolidated			
	Within one year \$	Between one and five years \$	Later than five years \$	Total \$
2018				
Lease expenditure commitments	2,718,971	10,481,795	2,123,873	15,324,639
Future finance charges	(494,511)	(1,066,739)	(39,306)	(1,600,556)
Finance lease liabilities	2,224,460	9,415,056	2,084,567	13,724,083

Lease liabilities are secured with the rights to the leased assets recognised in the financial statements reverting to the lessor in the event of default.

Refer to note 2(d) for reconciliation of changes in borrowing liabilities with cash flows arising from financing activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

13. PROVISIONS

	Consolidated	
	2018 \$	2017 \$
Current		
Employee benefits	597,034	214,946
Total provisions – current	597,034	214,946
Non-current		
Employee benefits	5,718	55,123
Rehabilitation and mine closure	15,137,431	302,855
Total Provisions – non-current	15,143,149	357,978

Movements in the rehabilitation and mine closure provision during the financial year are as follows:

	Consolidated	
	2018 \$	2017 \$
Balance at beginning of financial year	302,855	-
Additional provisions raised during the year	14,834,576	302,855
Balance at end of financial year	15,137,431	302,855

14. SHARE CAPITAL

	Consolidated	
	2018 \$	2017 \$
434,702,028 fully paid ordinary shares (2017: 377,175,677)	125,846,971	104,881,460

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

14. SHARE CAPITAL (continued)

Fully paid ordinary shares have no par value, carry one vote per share and the right to dividends.

	2018		2017	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	377,175,677	104,881,460	252,650,577	46,121,808
Issue of shares ⁽ⁱ⁾	56,576,351	21,499,013	-	-
Issue of shares ⁽ⁱⁱ⁾	950,000	399,000	-	-
Issue of shares ⁽ⁱⁱⁱ⁾	-	-	11,000,000	4,235,000
Issue of shares ^(iv)	-	-	74,900,000	37,450,000
Issue of shares ^(v)	-	-	25,100,000	12,550,000
Share purchase plan ^(vi)	-	-	6,810,000	3,405,000
Issue of shares ^(vii)	-	-	3,215,100	1,607,550
Exercise of ESOP options	-	-	3,500,000	1,165,500
Share issue costs	-	(1,331,903)	-	(3,193,959)
Deferred tax credit recognised directly in equity ^(viii)	-	399,401	-	1,540,561
Balance at end of financial year	434,702,028	125,846,971	377,175,677	104,881,460

(i) Private placement at \$0.38 per share on 29 November (45,994,777 shares) and 1 December 2017 (10,581,574 shares)

(ii) Share based payment – acquisition cost of Tenement at \$0.42 per share on 11 December 2017

(iii) Share based payment – acquisition cost of Mine Properties at \$0.385 per share on 23 December 2016

(iv) Private placement at \$0.50 per share on 24 February 2017

(v) Private placement at \$0.50 per share on 16 March 2017

(vi) Share purchase plan at \$0.50 per share on 22 March 2017

(vii) Private placement at \$0.50 per share on 30 March 2017

(viii) Deferred tax credit relating to equity raising costs

CAPITAL MANAGEMENT

The Company manages the capital of the Group in order to maximise shareholder value and ensure that the Group has adequate funds to continue as a going concern.

Management effectively manages the Group's capital by assessing its financial requirements and associated risks and adjusts its capital structure and expenditure profile as required. The Group may reduce expenditure where possible or raise additional funds when required to ensure that it has adequate funding to execute its business strategy.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

15. NON-CONTROLLING INTEREST (NCI)

	Consolidated	
	2018 \$	2017 \$
Balance at beginning of financial year	824,545	1,245,473
Share of loss for the year	-	-
NCI's share of current year exploration expenditure ⁽ⁱ⁾	251,924	1,077,771
Reduction in NCI interest in exploration expenditure on disposal of interest ⁽ⁱⁱ⁾	-	(1,498,699)
Balance at end of financial year	1,076,469	824,545

- (i) Under the contractual joint venture agreement giving rise to the Non-controlling interest (NCI), the Company is required to free carry the NCI's by sole funding the joint venture operations until the earlier of, the completion of a bankable feasibility study, a decision to commence mining operations, or an election by the Non-controlling joint venture partner to convert their respective 20% participation interest to a 2% net smelter return royalty.
- (ii) During the prior financial year the Group acquired a 20% interest in the tenements which form the Dalgara from an NCI, this acquisition resulted in a reduction in the NCI's interest in the project area.

16. RESERVES

Share Option Reserve	Consolidated	
	2018 \$	2017 \$
Balance at beginning of financial year	1,466,755	255,500
Issue of employee incentive options	-	1,446,755
Transfer to issued share capital on exercise of options	-	(255,500)
Balance at end of financial year	1,446,755	1,446,755

The Share Option Reserve recognises the fair value of outstanding share options, including options issued under the Company's Employee Share Option Plan.

Exploration Asset Reserve	Consolidated	
	2018 \$	2017 \$
Balance at beginning of financial year	(512,078)	(857,929)
Non-controlling interests' share of exploration expenditure	(251,924)	345,851
Balance at end of financial year	(764,002)	(512,078)

The Exploration Asset Reserve recognises exploration expenditure incurred on contractual joint venture properties in proportion to any Non-controlling interest in the joint venture during the free carry/sole funding period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

17. ACCUMULATED LOSSES

	Consolidated	
	2018 \$	2017 \$
Balance at beginning of financial year	(10,524,738)	(9,080,901)
Net loss attributable to members of the parent entity	(558,853)	(1,443,837)
Balance at end of financial year	(11,083,591)	(10,524,738)

18. REVENUE

	Consolidated	
	2018 \$	2017 \$
Revenue from continuing operations		
Interest revenue	324,101	147,853
Other revenue	209,513	16,605
Total operating revenue	533,614	164,458

19. OTHER INCOME

	Consolidated	
	2018 \$	2017 \$
Fair value movement in derivative financial instruments	1,793,640	-
Total other income	1,793,640	-

20. COMMITMENTS

A) NON-CANCELLABLE OPERATING LEASES

	Consolidated	
	2018 \$	2017 \$
Not later than 1 year	1,240,868	228,736
Later than 1 year but not later than 5 years	4,185,349	216,310
Later than 5 years	938,190	91,735
Total operating lease commitments	6,364,407	536,781

The Group's operating leases predominately comprise the lease of certain tanks for LNG storage supply at Dalgara and corporate office lease expiring 30 November 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

20. COMMITMENTS (continued)

B) EXPLORATION EXPENDITURE COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet minimum expenditure commitments required under the lease conditions. Minimum expenditure commitments for the twelve months following the balance date total \$1,477,743 (2017: \$1,189,300). These expenditure obligations can be reduced by selective relinquishment of exploration tenure or application for expenditure exemptions.

C) GOLD DELIVERY COMMITMENTS

As part of its risk management policy, the Group enters into gold forward contracts to manage the gold price of a proportion of anticipated sales of gold. During the year the Group entered into gold forward sale contracts with Commonwealth Bank of Australia and National Bank of Australia for 176,500 ounces of gold at an average forward price of A\$1,717 per ounce. The first gold delivery into the forward sale contracts was in June 2018 and the last delivery date is June 2022.

Contracts are settled by the physical delivery of gold as per contract terms. The physical gold forward contracts are considered a contract to sell a non-financial item and therefore do not fall within the scope of AASB 139 *Financial Instruments: Recognition and Measurement*. Accordingly, no derivatives are recognised and the contracts are accounted for as sale contracts with revenue recognised when the contractual gold commitment is met through physical delivery of gold.

At balance date the Group has contractual sale commitments of 176,208 ounces of gold at an average forward price of A\$1,717 per ounce (2017: nil ounces).

2018	Consolidated		
	Gold for physical delivery Ounces	Weighted average contracted gold sale price \$ per ounce	Value of committed sales \$
Not later than 1 year	55,582	1,726.38	95,955,644
Later than 1 year but not later than 5 years	120,626	1,712.23	206,538,853
Total	176,208		302,494,497

D) SINGAPORE GASOIL SWAP COMMITMENTS

As part of its risk management policy, the Group enters into diesel swap contracts to manage the price of a proportion of anticipated diesel consumption. During the year the Group entered into a fixed price Singapore Gasoil 10ppm cash-settled swap transaction contract with Commonwealth Bank of Australia for a total of 13.74 million litres of diesel (86,431.39 barrels), effective 1 May 2018 until 30 April 2021 at a fixed forward price of A\$94.5077 per barrel.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

20. COMMITMENTS (continued)

E) CAPITAL EXPENDITURE COMMITMENTS

At balance date the Group has contractual diesel swap commitments of 82,279 barrels at a forward price of A\$94.5077 per barrel (2017: nil barrels).

2018	Consolidated		
	Quantity Barrels	Average price \$ per barrel	Value of committed purchases \$
Not later than 1 year	28,307	94.5077	2,675,229
Later than 1 year but not later than 5 years	53,972	94.5077	5,100,770
Total	82,279		7,775,999

Subsidiary GNT Resources Pty Ltd had commitments for capital expenditures relating to Dalgaranga at the end of the reporting date that were not recognised as liabilities amounting to \$2,876,897.

21. EMPLOYEE REMUNERATION

A) EMPLOYMENT COSTS

Expenses recognised for employee costs are detailed below:

	Consolidated	
	2018 \$	2017 \$
Salaries and wages	5,136,474	1,906,907
Share-based payments	-	1,446,755
Superannuation	452,788	161,428
Other employment costs	800,430	119,565
Total employee remuneration	6,389,692	3,634,655
Salaries and wages allocation to exploration	(963,683)	(1,061,207)
Salaries and wages allocation to mine properties under development	(3,575,680)	(188,066)
Total administration remuneration	1,850,329	2,385,382

The liabilities recognised for employee benefits are disclosed in in note 13 to the financial statements.

B) SHARE-BASED EMPLOYEE REMUNERATION

At balance date there are 7,850,000 (2017: 7,850,000) unexercised Employee Share Options on issue. 7,850,000 share options were issued to employees including certain Key Management Personnel in the prior financial year.

Share options carry no rights to dividends and no voting rights. The fair value of options granted is recognised in remuneration in respect of the financial year in which the entitlement was earned on a pro rata basis over the vesting period. Unvested options expire on the earlier of their expiry date or within 30 days of cessation of the employee's employment. These options do not entitle the holder to participate in any share issue of the Company, other than on exercise of the option.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

21. EMPLOYEE REMUNERATION (continued)

Options on issue

7,850,000 employee options issued on 16th December 2016.

A Black & Scholes calculation of the notional value of the Employee Share Options is outlined below based on the following assumptions:

- the Employee Share Options expire on 15 December 2019 and are exercisable at \$0.55 each;
- all options vested immediately;
- a share price of \$0.38 based on a 5-day VWAP of the share price at grant date;
- a volatility factor of 89% based on historical price information;
- an interest rate of 1.96%;
- the valuations ascribed to the Employee Share Options may not necessarily represent the market price of the options at the date of the valuation;
- the valuation date for the Employee Share Options was the grant date of 16th December 2016; and
- the options had no performance related conditions.

The notional value determined for each Employee Share Option was \$0.184. All of the above options remained unexercised at balance date.

	2018		2017	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Balance at beginning of financial year	7,850,000	\$0.55	3,500,000	\$0.26
Cancelled during the financial year	-	-	-	-
Expired during the financial year	-	-	-	-
Granted during the financial year	-	-	7,850,000	\$0.55
Exercised during the financial year	-	-	(3,500,000)	\$0.26
Balance at end of financial year	7,850,000	\$0.55	7,850,000	\$0.55
Exercisable at end of financial year	7,850,000	\$0.55	7,850,000	\$0.55

Option series	No.	Vested	Unvested	Weighted average remaining contract life	Grant date	Expiry date	Exercise price \$	Fair value at grant date per option
2017								
Issued					16 Dec	15 Dec		
16 Dec 2016	7,850,000	7,850,000	-	2.5 years	2016	2019	\$0.55	\$0.184

Fair value of consideration received is measured as the nominal value of cash receipts on exercise. The fair value of options at the date of their issue is measured as the market value at close of trade on the date of their issue. Employee Share Options carry no rights to dividends and no voting rights. In accordance with the terms of the Employee Share Option Plan, options may be exercised at any time from the vesting date to the date of their expiry.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

21. EMPLOYEE REMUNERATION (continued)

The market value of options issued to employees in respect of their employment is disclosed in the financial statements on a pro-rata basis over the vesting period. Options issued to employees as part of their remuneration are recognised as a cost of employment.

22. RELATED PARTY TRANSACTIONS

A) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

During the year Non-executive Director Ms Layman provided consultancy services to the Company under an arrangement based on normal commercial terms which the Company had entered into with a non-related entity. The consultancy fees incurred by the Company during the year in relation to this arrangement included an amount of \$66,689 (2017: \$nil), with an amount of \$nil (2017: \$nil) payable at balance date.

During the prior year the Company had a services agreement on normal commercial terms with an entity of which Messrs Joyce, Macdonald and Riley are also directors, for the sharing of office space and general administrative costs. The current year operating result includes revenue resulting from transactions under this agreement of \$nil (2017: \$32,537) with an amount of \$nil (2017: \$nil) included in receivables at balance date. This agreement ended on 28 February 2017.

The Company entered into a vehicle hire arrangement with an entity of which Messrs Joyce, Macdonald and Riley are also directors. Under this agreement the Company was charged a hire fee at commercial rates for days on which it hired a vehicle. Any hire costs incurred were included in capitalised exploration and evaluation expenditure. During the year exploration expenditure recognised by the Company included an amount of \$nil (2017: \$20,025) in relation to this arrangement.

During the prior year the Company had arrangements based on normal commercial terms with Non-executive Directors, Messrs Joyce, Macdonald and Riley for the provision of serviced offices and parking, these agreements terminated on 28 February 2017. The current year operating result includes revenue resulting from transactions under this arrangement of \$nil (2017: \$18,000) with an amount of \$nil (2017: \$nil) recognised as receivable at balance date. This agreement ended on 28 February 2017.

B) REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel remuneration consists of the following:

	Consolidated	
	2018 \$	2017 \$
Short term employee benefits	1,753,998	1,320,644
Long term employee benefits	35,711	31,377
Post-employment benefits	126,138	108,256
Share-based payments	-	1,373,035
	1,915,847	2,833,312

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

23. INCOME TAX

A) RECONCILIATION OF TAX INCOME ON ACCOUNTING LOSS TO TAX INCOME

	Consolidated	
	2018 \$	2017 \$
Accounting loss before tax	(902,801)	(3,210,437)
Reconciliation of tax expense / (income) to accounting loss:		
Prima facie tax income at a tax rate of 30%	(270,840)	(963,131)
Tax effect of expenses not deductible for tax purposes:		
- employee incentive options expensed	-	434,027
- entertainment expenditure	3,045	1,019
Tax effect of tax deductions not recognised as an expense through profit and loss:		
- research and development tax offset	(230,991)	-
- research and development expenditure	159,305	-
Initial recognition of deferred tax assets	-	(1,238,616)
(Over)/under provision in prior year	(4,467)	101
Income tax benefit	(343,948)	(1,766,600)
<i>Consolidated Statement of Profit or Loss</i>		
Research and development tax offset	(230,991)	-
Deferred income tax		
Relating to origination and reversal of temporary differences	2,880,937	1,425,798
Deferred tax liability offset by deferred tax asset losses	(2,993,894)	(3,192,398)
Income tax benefit	(343,948)	(1,766,600)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

23. INCOME TAX (continued)

B) RECOGNISED DEFERRED TAX BALANCES

	Consolidated	
	2018 \$	2017 \$
Deferred tax assets:		
- tax losses	14,686,968	11,693,075
- capital raising costs	1,033,749	977,551
- provisions	229,842	99,027
- borrowing costs	41,092	84,546
Deferred tax liabilities:		
- exploration, evaluation and development expenditure	(8,029,990)	(6,671,046)
- property, plant and equipment	(3,557,269)	(2,875,882)
- derivative financial instruments	(538,092)	-
- foreign exchange movements	(46,781)	-
- other	-	(110)
Net recognised deferred tax assets	3,819,519	3,307,161

C) INCOME TAX RECOGNISED DIRECTLY IN EQUITY

	Consolidated	
	2018 \$	2017 \$
Deferred tax credit related to share issue costs	399,401	1,540,561
Income tax recognised directly in equity	399,401	1,540,561

D) UNRECOGNISED DEFERRED TAX BALANCES

There were no unrecognised deferred tax balances at balance date (2017: \$nil).

24. SEGMENT INFORMATION

The Group operates in a single business segment and a single geographical segment for financial reporting purposes.

25. EARNINGS PER SHARE

	Consolidated	
	2018 Cents per share	2017 Cents per share
Basic loss per share	(0.1)	(0.5)
Diluted loss per share	(0.1)	(0.5)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

25. EARNINGS PER SHARE (continued)

Basic and diluted loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	Consolidated	
	2018 \$	2017 \$
After tax loss	(558,853)	(1,443,837)
	No.	No.
Weighted average number of ordinary shares	410,656,635	296,485,890

Where dilutive, potential ordinary shares are included in the calculation of the weighted average number of shares when calculating dilute earnings/loss per share. The exercise price of employee share options were lower than the average market price of the Company's shares for the year and are therefore not considered to be dilutive.

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

	Consolidated	
	2018 No.	2017 No.
Options on issue (under the Employee Share Option Plan)	7,850,000	7,850,000

26. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

A) FINANCIAL RISK EXPOSURES AND MANAGEMENT

The main risks the Group is exposed to through its financial instruments are commodity price risk, interest rate risk, liquidity risk and credit risk. The Group's financial risk management is carried out by Management under the oversight of the Board.

(i) Commodity price risk

Gold price risk

The Group is exposed to gold price fluctuations. The Group manages gold price risk by executing gold forward sales commitments denominated in Australian Dollars. Refer to note 20 for details.

Oil price risk

The Group's diesel fuel costs are exposed to the volatility in crude oil prices. To mitigate the risk of adverse movements in the diesel fuel price, the Group enters into diesel swap transaction contracts. Refer to note 20 for details.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

26. FINANCIAL INSTRUMENTS (continued)

A) FINANCIAL RISK EXPOSURES AND MANAGEMENT (continued)

(ii) Interest rate risk

Interest rate risk is managed by investing cash with major financial institutions in both variable rate on deposit account and short to medium term, fixed term deposit accounts.

The Group's exposure to interest rate risk and effective weighted average interest rate for classes of financial assets and liabilities is set out below. None of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

2018	Consolidated			
	Interest bearing - variable \$	Interest bearing - fixed \$	Non-interest bearing \$	Total \$
<i>Financial assets at amortised cost</i>				
Other receivables	-	-	5,383	5,383
Cash and cash equivalent assets	22,470,622	-	2,674,087	25,144,709
Held-to-maturity investments	-	209,238	-	209,238
<i>Financial assets at fair value through profit or loss</i>				
Derivative financial instruments	-	-	1,793,640	1,793,640
Total financial assets	22,470,622	209,238	4,473,110	27,152,970
<i>Financial liabilities at amortised cost</i>				
Trade payables	-	-	33,046,505	33,046,505
Secured bank loan facility	58,714,249	-	-	58,714,249
Finance lease liabilities	-	13,724,083	-	13,724,083
Total financial liabilities	58,714,249	13,724,083	33,046,505	105,484,837

2017	Consolidated			
	Interest bearing - variable \$	Interest bearing - fixed \$	Non-interest bearing \$	Total \$
<i>Financial assets at amortised cost</i>				
Other receivables	-	-	5,074	5,074
Cash and cash equivalent assets	41,674,159	-	99,844	41,774,003
Held-to-maturity investments	-	208,565	-	208,565
Total Financial Assets	41,674,159	208,565	104,918	41,987,642
<i>Financial liabilities at amortised cost</i>				
Trade payables	-	-	7,180,697	7,180,697
Secured bank loan facility	-	-	-	-
Finance lease liabilities	-	-	-	-
Total Financial Liabilities	-	-	7,180,697	7,180,697

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

26. FINANCIAL INSTRUMENTS (continued)

A) FINANCIAL RISK EXPOSURES AND MANAGEMENT (continued)

The receivables balance above excludes prepayments and tax receivable balances which do not meet the definition of financial assets. Refer to note 3 for total receivables balances.

Interest rate sensitivity

The analyses below illustrate the sensitivity of profit and other equity to a change in interest rates of +/- 1% (2017: +2%/- 1%), representing management's assessment of the reasonably possible change in interest rates. For floating rate cash on deposit it is assumed that the balance of these amounts has been constant throughout the entire financial year.

The impact of hypothetical interest rate change to current profit is reduced due to interest currently being capitalised to qualifying assets.

Consolidated				
2018	+1%		-1%	
	Profit \$	Other equity \$	Profit \$	Other equity \$
Cash and cash equivalents	224,706	-	(224,706)	-
Borrowings	(600,000)	-	600,000	-
Total (decrease)/ increase	(375,294)	-	375,294	-

Consolidated				
2017	+2%		-1%	
	Profit \$	Other equity \$	Profit \$	Other equity \$
Cash and cash equivalents	839,651	-	(419,826)	-
Borrowings	-	-	-	-
Total increase/ (decrease)	839,651	-	(419,826)	-

(iii) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate levels of working capital are maintained. The Group's operations have required it to raise capital on a periodical basis to fund its planned exploration program and to commercialise its tenement assets. With the transition towards commercial production at Dalganga the Group expects to generate operating cash flows to provide funds to meet its plans and obligations when due. Planned but not committed exploration expenditure can also be reduced until funding is available or the Group could enter into joint venture arrangements where exploration is funded by the joint venture partner, or relinquish selected tenement holdings if required.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

26. FINANCIAL INSTRUMENTS (continued)

A) FINANCIAL RISK EXPOSURES AND MANAGEMENT (continued)

(iii) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Consolidated						
2018	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
Trade and other payables	33,046,505	-	-	-	33,046,505	33,046,505
Secured bank loan facility	12,501,047	28,035,973	25,426,141	-	65,963,161	58,714,249
Finance lease liabilities	2,718,971	2,718,971	7,762,824	2,123,873	15,324,639	13,724,083
Total	48,266,523	30,754,944	33,188,965	2,123,873	114,334,305	105,484,837

Consolidated						
2017	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
Trade and other payables	7,081,240	99,457	-	-	7,180,697	7,180,697
Secured bank loan facility	-	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-	-
Total	7,081,240	99,457	-	-	7,180,697	7,180,697

(iv) Credit risk

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

The maximum credit risk on financial assets of the Group which have been recognised on the Consolidated Statement of Financial Position, other than investments in shares, is generally the carrying amount of receivables, net of any provisions for doubtful debts.

B) FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The financial instruments recognised at fair value in the Consolidated Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

27. CONTINGENT ASSETS AND LIABILITIES

A) CONTINGENT LIABILITIES

(i) Gold forwards

The Group enters into financial instruments in the form of forward gold sales contracts (gold forwards) to mitigate the risk of adverse price movements in relation to the sale of future gold production. The gold forwards guarantee an agreed price for the sale of an agreed volume of the Group’s forecast gold production. The Group intends to settle gold forwards by physically delivering gold produced to the counterparties.

As physical gold is delivered into the gold forwards the Group recognises revenue at the agreed price in accordance with accounting standards.

The market value of the outstanding gold forwards varies over time as a result of changes in the market price of gold. At each balance date the Group calculates the fair value of its outstanding gold forwards and recognises the fair value as either a contingent asset or liability in the notes to the financial statements. The fair value represents the amount which would be received (asset) or paid (liability) if the outstanding obligations were settled on the valuation date.

At balance date the Group had gold forwards for 176,208 ounces of gold with a contingent liability of \$10,274,773 (2017: \$nil) in the event that the gold forwards were not settled by the physical delivery of gold.

(ii) Bank guarantees

The Company has provided bank guarantees in favour of service providers in respect to credit card facilities and leased premises. The total of these guarantees at balance date was \$208,564 (2017: \$208,565). The bank guarantees are secured by blocked deposits held by the grantor of the guarantee. The deposit accounts are recognised as other financial assets in the Consolidated Statement of Financial Position.

(iii) Demobilisation costs

The Group has entered into certain contracts relating to Dalgara that provide for the payment of demobilisation costs upon termination of the contract. The amount to be paid is contingent upon the timing and basis of contract termination. The Group estimates that the maximum amount payable is not greater than \$1,300,000 (2017: \$nil).

(iv) Deferred consideration

During the prior year the Group acquired a joint venture partner’s 20% interest in the mineral tenements comprising the Group’s Dalgara Project. As part consideration to acquire the interest the Group has agreed to pay to the vendor \$1,500,000 on production of the first 30,000 ounces of gold from Dalgara.

(v) Transfer duty assessment

The transfer of tenements referred to above are subject to Transfer Duty in Western Australia. At the request of the Office of State Revenue (OSR) the Group commissioned an independent valuation of the tenements transferred in the transaction. At balance date the OSR had not yet finalised the duty assessment process. As such it is uncertain whether the Group is entitled to a refund on the amount of duty previously paid to the OSR, or if an additional amount of duty will be levied.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

28. REMUNERATION OF AUDITORS

	Consolidated	
	2018 \$	2017 \$
Auditor of the Parent Entity		
Audit and review of financial report	55,500	32,851

The auditor of Gascoyne Resources Limited is Grant Thornton Audit Pty Ltd.

29. GASCOYNE RESOURCES LIMITED PARENT COMPANY INFORMATION

The financial information for the Parent Entity, Gascoyne Resources Limited, disclosed in this note has been prepared on the same basis as the consolidated financial statements except as set out below.

Tax consolidation legislation

Gascoyne Resources Limited and its wholly-owned subsidiaries have implemented tax consolidation legislation. The head entity, Gascoyne Resources Limited, and the wholly-owned subsidiaries in the tax consolidation group account for their own current and deferred tax amounts. These tax amounts are remeasured as each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Gascoyne Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets from unused tax losses and unused tax credits assumed from wholly-owned subsidiaries in the tax consolidated group.

The entities have entered into a tax funding and sharing agreement under which the wholly-owned subsidiaries fully compensated by Gascoyne Resources Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Gascoyne Resources Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities’ financial statements.

Assets or liabilities arising under funding arrangements with the tax consolidated entities are recognised in amounts payable from or payable to other entities in the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2018

29. GASCOYNE RESOURCES LIMITED PARENT COMPANY INFORMATION (continued)

	Company	
	2018 \$	2017 \$
Assets		
Current assets	11,330,083	42,337,032
Non-current assets	105,469,791	52,180,957
Total assets	116,799,874	94,517,989
Liabilities		
Current liabilities	2,312,154	952,118
Non-current liabilities	5,718	297,407
Total liabilities	2,317,872	1,249,525
Net assets	114,482,002	93,268,464
Equity		
Issued capital	125,847,526	102,833,146
Options reserve	1,446,755	934,677
Accumulated losses	(12,812,279)	(10,499,359)
Total equity	114,482,002	93,268,464
Financial performance		
Loss for the year	(2,312,920)	(1,534,145)

30. EVENTS OCCURRING AFTER BALANCE DATE

During August 2018 the Company raised approximately \$19,000,000 (before costs) through a share placement at an issue price of \$0.30 per share. In addition to the share placement the Company has offered eligible existing shareholders the opportunity to participate in a Share Purchase Plan, in order to raise up to a further \$5,000,000 at an issue price of \$0.30 per share. At the time of this report the Share Purchase Plan was in the process of being finalised.

Other than as set out above, the Directors are not aware of any other matter or circumstance that has arisen since the end of the financial year which has 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.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Exchange Securities Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as of 25 September 2018.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 1, 41 – 47 Colin Street
West Perth WA 6005
Tel: (08) 9481 3434

ANALYSIS OF SHAREHOLDINGS

Distribution of Shareholders (ASX Code: GCY):

Number of ordinary shares held	Ordinary shares number of holders	Ordinary shares number of shares
1 – 1,000	481	153,989
1,001 – 5,000	463	1,317,494
5,001 – 10,000	363	2,915,869
10,001 – 100,000	1,008	35,364,857
100,000 and over	264	458,916,486
Total	2,579	498,668,695

There were 591 holders of less than a marketable parcel of shares.

VOTING RIGHTS

Ordinary shares: on a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote in accordance with the Company's Constitution.

Options: no voting rights.

SUBSTANTIAL SHAREHOLDERS

Shareholder	Number of ordinary shares	% of Issued capital
Lim Advisors Limited	33,333,334	6.68
Commonwealth Bank of Australia	30,674,122	6.15
Renaissance Smaller Companies Pty Ltd	26,063,783	5.23

ASX ADDITIONAL INFORMATION

DIRECTORS' INTEREST IN SHARE CAPITAL

Director	Fully paid ordinary shares	Options
Stanley Macdonald	14,565,455	-
Rodney Michael Joyce	10,883,939	-
Graham Riley	7,036,536	-
Michael Dunbar	2,480,000	3,000,000
Ian Kerr	-	1,500,000
Sally-Anne Layman	-	-
Total	34,965,930	4,500,000

TWENTY LARGEST SHAREHOLDERS

Shareholder	Number of ordinary shares	% of Issued capital
HSBC Custody Nominees	135,312,165	27.13
J P Morgan Nominees Australia Limited	74,129,885	14.87
Citicorp Nominees Pty Limited	46,866,121	9.40
National Nominees Limited	23,248,217	4.66
Mr Jaime Anthony McDowell	15,110,000	3.03
Mr Stanley Macdonald and associated entities	14,565,455	2.92
BNP Paribas Nominees Pty Ltd	11,840,432	2.37
Mr Rodney Michael Joyce and associated entities	10,883,939	2.18
Mr Graham Riley and associated entities	7,036,536	1.41
Mr Yi Weng & Mrs Ning Li	6,965,892	1.40
Mr Connor Michael Maloney	6,501,615	1.30
AM Riley <A M Riley Super Fund A/C>	6,237,916	1.25
Mr Julian Goldsworthy and associated entities	4,030,000	0.81
Struven Nominees Pty Ltd	3,985,183	0.80
Pershing Australia Nominees Pty Ltd	3,553,035	0.71
Mr James Anthony Giles Christopher	2,538,190	0.51
Jamax Holdings Pty Ltd	2,500,000	0.50
Mr Michael Dunbar and associated entities	2,480,000	0.50
Gregory Peacock	2,413,570	0.48
Charrington Pty Ltd	2,309,024	0.46
Top 20 total	382,507,175	76.69

ASX ADDITIONAL INFORMATION

TENEMENT SCHEDULE

Tenement	Name	Mineral(s) targeted	Location	Interest in tenement
ELA09/2286	Bassit Bore	Gold	Western Australia	100% Gascoyne
EL21/195	Dalgaranga	Gold	Western Australia	80% Gascoyne
EL59/1709	Dalgaranga	Gold	Western Australia	80% Gascoyne
EL59/1904	Dalgaranga	Gold	Western Australia	80% Gascoyne
EL59/1905	Dalgaranga	Gold	Western Australia	80% Gascoyne
EL59/1906	Dalgaranga	Gold	Western Australia	80% Gascoyne
L59/141	Dalgaranga	Gold	Western Australia	100% Gascoyne
L59/142	Dalgaranga	Gold	Western Australia	100% Gascoyne
L59/151	Dalgaranga	Gold	Western Australia	100% Gascoyne
L59/152	Dalgaranga	Gold	Western Australia	100% Gascoyne
L59/153	Dalgaranga	Gold	Western Australia	100% Gascoyne
ML59/749	Dalgaranga	Gold	Western Australia	100% Gascoyne
EL59/2150	Dalgaranga	Gold	Western Australia	100% Gascoyne
EL59/2053	Dalgaranga	Gold	Western Australia	100% Gascoyne
ELA59/2289	Dalgaranga	Gold	Western Australia	100% Gascoyne
EL52/3531	Elphin Bore	Gold	Western Australia	100% Gascoyne
EL09/1325	Glenburgh	Gold	Western Australia	100% Gascoyne
EL09/1764	Glenburgh	Gold	Western Australia	100% Gascoyne
EL09/1865	Glenburgh	Gold	Western Australia	100% Gascoyne
EL09/1866	Glenburgh	Gold	Western Australia	100% Gascoyne
EL09/2025	Glenburgh	Gold	Western Australia	100% Gascoyne
EL09/2148	Glenburgh	Gold	Western Australia	100% Gascoyne
L09/56	Glenburgh	Gold	Western Australia	100% Gascoyne
L09/62	Glenburgh	Gold	Western Australia	100% Gascoyne
ML09/148	Glenburgh	Gold	Western Australia	100% Gascoyne
EL51/1648 ⁽¹⁾	Murchison	Gold	Western Australia	100% Gascoyne
EL52/2117	Mt Egerton	Gold	Western Australia	100% Gascoyne
EL52/2515	Mt Egerton	Gold	Western Australia	100% Gascoyne
ML52/343	Mt Egerton	Gold	Western Australia	100% Gascoyne
ML52/567	Mt Egerton	Gold	Western Australia	100% Gascoyne
EL52/3490	Mt James	Gold	Western Australia	100% Gascoyne
EL52/3574	Mt Egerton	Gold	Western Australia	100% Gascoyne
EL51/1681	Murchison	Gold	Western Australia	100% Gascoyne

(1) Doray Minerals Limited (ASX: DRM) earning into the project

EL	Exploration Licence	ELA	Exploration Licence Application
P	Prospecting Licence	PLA	Prospecting Licence Application
L	Miscellaneous Licence	LA	Miscellaneous Licence Application
ML	Mining Licence		

CORPORATE DIRECTORY

DIRECTORS

Ian Murray	Non-Executive Chairman*
Michael Dunbar	Managing Director
Rodney Michael Joyce	Non-Executive Director*
Ian Kerr	Executive Director Operations and Development
Sally-Anne Layman	Non-Executive Director
Simon Mark Le Messurier	Non-Executive Director*
Graham Riley	Non-Executive Director*
Stan Macdonald	Non-Executive Director*

* Rodney Michael Joyce resigned as Non-Executive Chairman on 8 October 2018 and remains as Non-Executive Director.

* Ian Murray and Simon Mark Le Messurier were appointed to the Board on 8 October 2018. Stan Macdonald and Graham Riley resigned on 8 October 2018.

COMPANY SECRETARIES

Eva O'Malley	Joint Company Secretary
David Lim	Joint Company Secretary
ABN: 57 139 522 900	

HEAD AND REGISTERED OFFICE

Level 1
41 - 47 Colin Street,
West Perth, Western Australia, 6005
PO Box 1449,
West Perth, Western Australia, 6872
Telephone: +61 8 9481 3434
Facsimile: +61 8 9481 0411
Email: admin@gascoyneresources.com.au
Website: www.gascoyneresources.com.au

SHARE REGISTRY

Advanced Share Registry
110 Stirling Highway,
Nedlands, Western Australia, 6009
PO Box 1156,
Nedlands, Western Australia, 6909
Telephone: +61 8 9389 8033
Facsimile: +61 8 9262 3723

AUDITOR

Grant Thornton Australia
Central Park
Level 43, 152 - 158 St Georges Terrace
Perth, Western Australia, 6000
Telephone: +61 8 9480 2000
Facsimile: +61 8 9322 7787

STOCK EXCHANGE

The Company's securities are quoted on the Australian Securities Exchange.

CODE: GCY



WWW.GASCOYNERESOURCES.COM.AU

