



GIBB RIVER DIAMONDS LIMITED
ABN 51 129 158 550

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

CONTENTS

	Page
Directors' Report.....	1
Auditor's Independence Declaration.....	8
Statement of Profit or Loss and Other Comprehensive Income.....	9
Statement of Financial Position.....	10
Statement of Changes in Equity.....	11
Statement of Cash Flows.....	12
Notes to and forming part of the Financial Statements.....	13
Directors' Declaration.....	30
Independent Auditor's Report.....	31
Additional Information.....	35

CORPORATE DIRECTORY

Directors

Jim Richards
Executive Chairman

Mark Thompson
Non-Executive Director

Grant Mooney
Non-Executive Director
& Company Secretary

ASX Code

GIB

ABN

51 129 158 550

Website & Email

Website: www.gibbriverdiamonds.com
Email: info@gibbriverdiamonds.com

Principal Place of Business

Ground Floor
1/16 Ord Street
West Perth WA 6005
Phone: +61 (8) 9422 9555
Fax: +61 (8) 9422 9599

Registered Office

Suite 4, 6 Richardson Street
West Perth WA 6005
Phone: +61 (8) 9226 0085

Share Registry

Link Market Services
Level 12 QV1 Building
250 St George's Terrace
Perth WA 6000
Phone: 1300 554 474
Fax: +61 (8) 9211 6660

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000
Phone: +61 (8) 9227 7500

DIRECTORS' REPORT
30 JUNE 2019

The Directors present their report together with the financial report on Gibb River Diamonds Limited ("GIB" or "the Company") for the year ended 30 June 2019.

In order to comply with the provisions of the Corporations Act 2001, the Directors' report is as follows.

DETAILS OF DIRECTORS

The names and particulars of the directors of the Company holding office during the year and at the date of this report are:

MR JAMES (JIM) RICHARDS
B.Sc. Hons (Geology), MAusIMM
Executive Chairman

Jim Richards is a geology graduate of the University of London. He is a Perth based Company director and geologist with 23 years' experience in exploration for a wide variety of commodities.

Prior to the ASX listing of Phosphate Australia Limited (now Gibb River Diamonds Limited), Mr Richards was the chief executive officer and director of United Minerals Corporation NL ("UMC"). At UMC, Mr Richards led the technical team that discovered the high-grade iron 'Railway Deposit' in the Pilbara. BHP Billiton acquired the Railway Deposit in February 2010 by a take-over of UMC for AUD\$204 million.

Mr Richards has considerable overseas experience including running his own alluvial diamond dredging operation in Guyana, South America and work on the Omai gold project (that became a major mine) also in Guyana. Other resources work includes operating in Indonesia and two years spent in both Laos and Pakistan.

Previous employers and clients have included Newmont Mining Corporation, BHP Billiton Limited and Woodside Energy Limited. Prior to his corporate career, Mr Richards served as a regular officer in the British Army Parachute Regiment.

MR MARK THOMPSON
MAIG, MSEG
Non-executive Director

Mark Thompson has more than 22 years industry experience in mineral exploration and mining management. Since starting his career with production experience in both underground and open-pit mines of Western Australia, he has worked extensively on international resource projects. He is a Member of the Australian Institute of Geoscientists and the Society of Economic Geologists, and holds the position of Guest Professor in Mineral Exploration Technology at both the Chengdu University of Technology and the Southwest University of Science and Technology in China. In addition to his role with Gibb River Diamonds, Mr Thompson is Managing Director of ASX listed Talga Resources Ltd.

MR GRANT MOONEY
B.Bus, CA
Non-executive Director & Company Secretary

Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in corporate compliance administration to public companies. Mr Mooney has gained extensive experience in the areas of corporate and project management since commencing Mooney & Partners in 1999. His experience extends to advice on capital raisings, mergers and acquisitions and corporate governance.

Currently, Mr Mooney serves as a director to several ASX listed companies across a variety of industries including technology and resources. He is a director of Carnegie Clean Energy Limited, Barra Resources Limited, Accelerate Resources Limited, Riedel Resources Limited and Talga Resources Limited. Mr Mooney is a member of the Institute of Chartered Accountants in Australia.

GIBB RIVER DIAMONDS LIMITED
ABN 51 129 158 550

DIRECTORS' REPORT
30 JUNE 2019

DIRECTORSHIP OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the three years immediately before the end of the year are as follows:

Director	Company	Year of directorship
Grant Mooney	Accelerate Resources Limited	1 June 2017 to the present
	Barra Resources Limited	29 November 2002 to the present
	Carnegie Clean Energy Limited	19 February 2008 to the present
	Nuheara Limited	1 May 2007 to 4 June 2016
	Riedel Resources Limited	31 October 2018 to present
	Talga Resources Limited	20 February 2014 to the present
Mark Thompson	Talga Resources Limited	July 2010 to the present

DIRECTORS' SHARE AND OPTION HOLDINGS

At the date of this report, the direct and indirect interest of the Directors in the shares and options of the Company were:

Director	Ordinary Shares	Ordinary Shares purchased during year	Options (Unlisted)	Options granted during year
James Richards (i)	35,349,735	-	3,000,000	-
Grant Mooney (ii)	9,073,888	-	1,000,000	-
Mark Thompson (iii)	5,466,667	-	1,000,000	-

- (i) James Richards holds 32,183,068 shares in his own name. Llangurig Super Pty Ltd <Jim Richards Super Fund A/c>, in which James Richards is a director and beneficiary holds 3,166,667 shares and 3,000,000 unlisted options.
- (ii) Grant Mooney holds 2,238,888 shares in his own name. Samantha Mooney, spouse of Grant Mooney holds 13,333 shares and Mooney & Partners Pty Ltd of which Grant Mooney is the sole director holds 1,145,000 shares. Ocean Flyers Pty Ltd <S&G Mooney Super Fund>, in which Grant Mooney is a director and beneficiary holds 5,676,667 shares. Grant Mooney holds 1,000,000 options in his own name.
- (iii) Kelly Thompson, spouse of Mark Thompson holds 1,000,000 shares. Lateral Minerals Pty Ltd <The Thompson Family Trust> in which Mark Thompson is a director and beneficiary holds 1,000,000 shares and 1,000,000 unlisted options and Lateral Minerals Pty Ltd <Sungold Superannuation Fund A/c> in which Mark Thompson is a director and beneficiary holds 3,466,667 shares and 1,000,000 unlisted options.

PRINCIPAL ACTIVITIES

The principal activity of the Company is mineral exploration.

OPERATING RESULTS

The loss from ordinary activities after income tax of the Company for the year ended 30 June 2019 was \$880,961 (2018: \$171,244).

DIRECTORS' REPORT
30 JUNE 2019

REVIEW OF OPERATIONS

The main focus of the Company over the last year has been the Blina Diamond Project (100% GIB) in the Kimberley region of Western Australia. This advanced alluvial project represents an exciting opportunity with potentially low capex costs and a unique yellow diamond product.

The combination of new technology (Ground Penetrating Radar or GPR) with the extensive historic exploration data over historically proven diamondiferous channels has the potential to define the grades and tonnages which may support an alluvial diamond mine. The area which GIB is targeting, a diamondiferous palaeo-channel named Terrace 5, has in the past produced significant quantities of fancy yellow diamonds which are the highly sought after signature stone of the Ellendale diamond fields.

The Company is in an excellent position to develop this project having granted mining leases and full permitting to mine currently in place as well as ownership of the major processing plant equipment items including a commissioned duplex diamond recovery *Flowsort* machine.

In the year ahead, the Company has two main operational goals:

- Phase 1: Raise finance of up to \$2.5 million to commission an onsite processing plant and commence bulk sample diamond recovery
- Phase 2: Trial mining of the areas determined to host the best grades

We look forward to achieving these goals as quickly as possible.

The Company continues to engage with potential buyers as regards the Highland Plains phosphate asset in the Northern Territory which has a JORC Code (2004) compliant Inferred Resource of 53 million tonnes at 16% P2O5 (ASX release 31 March 2009. Refer Minerals Resources & Ore Reserves statement). On 19 November 2018, an Option deal over this asset was announced. The Option was to sell 100% of the Highland Plains Project to a private Canadian company, ILS Resources Inc ('ILS') for payment of an option fee of \$100,000 (plus GST). This Option has been renewed twice (for fees) during the year and was valid until 12 July 2019.

To exercise the Option, ILS was to pay to GIB A\$2,500,000 plus GST in cash as well as other previously reported benefits. The exercise of this option would deliver the Blina Project funding the Company requires. The exercise of the option was at the discretion of ILS.

The Company is looking forward to continuing to build on our success at Blina and is well placed for the year ahead with a cash balance of approximately \$1.2 million (30 June 2019).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than described elsewhere in this report, there was no significant change in the state of affairs of the Company during the year.

SIGNIFICANT EVENTS SUBSEQUENT TO END OF YEAR

There was no matter or circumstance subsequent to the end of the year that has significantly affected the operations of the Company, the results of operations or the state of affairs in future financial years.

FUTURE DEVELOPMENTS

The Company intends to continue mineral exploration activities while considering new project acquisitions and joint venture opportunities.

ENVIRONMENTAL REGULATION

The Company is required to carry out its activities in accordance with the Mining Laws and regulations in the areas in which it undertakes its exploration activities. The Company is not aware of any matter that requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

DIRECTORS' REPORT
30 JUNE 2019

SHARE OPTIONS

At the date of this report, the following options are outstanding in respect of unissued ordinary shares in Gibb River Diamonds:

Number of Shares Under Options	Exercise Price	Expiry Date
6,000,000	5.0 cents	10 December 2020
5,500,000	9.0 cents	26 October 2020
3,000,000	5.0 cents	20 February 2021
500,000	9.0 cents	20 November 2021

No shares (2018: Nil) were issued during or since the end of the financial year as a result of the exercise of options.

INDEMNIFYING OFFICER OR AUDITOR

During the year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company secretary and all executive officers of the Company and related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the amount of the premium.

The Company has not indemnified or agreed to indemnify the auditor of the Company or of any related body corporate against a liability incurred as the auditor.

DIVIDENDS

No dividends have been paid or declared since the start of the year, and the directors do not recommend the payment of a dividend in respect of the year.

DIRECTORS' MEETINGS

There were six (6) Directors' meetings held during the year ended 30 June 2019. The names of directors who held office during the year and their attendance at Board meetings is detailed below:

Director	Number Attended	Number Eligible to Attend
Jim Richards	6	6
Grant Mooney	6	6
Mark Thompson	6	6

There were also two (2) circular resolution passed by the Board of Directors during the year. (2018: one (1))

As at the date of this report an Audit Committee of the Board of Directors did not exist due to the Directors of the Board having a close involvement in the operations of the Company. There are no other sub-committees of the Board.

DIRECTORS' REPORT
30 JUNE 2019

REMUNERATION REPORT (AUDITED)

This report details the amount and nature of remuneration of each director of the Company. Other than directors, there were no executive officers of the Company during the year.

Remuneration Policy

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities, which it undertakes and is appropriate in aligning director objectives with shareholder and business objectives. At this point in the Company's development, the Board does not believe it is appropriate to link director and executive officers' remuneration with Company performance.

The remuneration policy in regards to settling terms and conditions for the executive directors has been developed by the Board taking into account market conditions and comparable salary levels for companies of similar size and operating in similar sectors.

Directors receive a superannuation guarantee contribution required by the Government, which during the year was 9.5% and do not receive any other retirement benefit.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payment to the non-executive directors and reviews their remuneration annually, based on market practices, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity.

The following were Key Management Personnel of the Company during the year:

- James Richards (*Executive Chairman*)
- Grant Mooney (*Non-Executive Director and Company Secretary*)
- Mark Thompson (*Non-Executive Director*)

Details of remuneration provided to Key Management Personnel during the year are as follows:

		Short-term employee benefits		Post-employment benefits	Share-based payments		
		Salary & Fees \$	Bonus \$	Super-annuation \$	Options \$	Total \$	% of Total consisting of Options
James Richards	2019	160,000	-	15,200	-	175,200	0%
	2018	160,000	-	15,200	99,900	275,100	36%
Mark Thompson	2019	20,000	-	1,900	-	21,900	0%
	2018	20,000	-	1,900	33,300	55,200	60%
Grant Mooney ⁽¹⁾	2019	73,000	-	2,375	-	75,375	0%
	2018	73,000	-	2,375	33,300	108,675	31%
TOTAL	2019	253,000	-	19,475	-	272,475	0%
TOTAL	2018	253,000	-	19,475	166,500	438,975	38%

(1) Amounts paid to Grant Mooney include Director's fees of \$25,000 (2018: \$25,000) and fees paid to a related party, Mooney & Partners, in respect of company secretarial services totalling \$48,000 plus GST (2018:\$48,000 plus GST).

There are no contracts to which a Director is a party or under which the Director is entitled to a benefit other than as disclosed in the financial report.

DIRECTORS' REPORT
30 JUNE 2019
REMUNERATION REPORT (AUDITED) (CONTINUED)

Value of options issued to Key Management Personnel

During the financial year, the following share based payment arrangements were in existence for Key Management Personnel:

Options Series	Grant Date	Expiry Date	Grant Date Fair Value	Vesting Date
Issued 3 Nov 2015 exercisable @ \$0.07	3/11/2015	3/11/2018	\$0.0098	3/11/2015
Issued 26 Oct 2017 exercisable @ \$ 0.09	26/10/2017	26/10/2020	\$0.0333	26/10/2017

There were no further options issued to Key Management Personnel during the year.

The Board reviews the remuneration packages of all key management personnel on an annual basis. The maximum remuneration of non-executive Directors is to be determined by Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. At present the maximum aggregate remuneration of non-executive Directors is \$400,000 per annum. The apportionment of non-executive Director Remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. Remuneration is not linked to specific service or performance criteria.

Remuneration levels, shares and options granted are not dependent upon any performance criteria as the nature of the Company's operations are exploration, and they are not generating profit.

The Company did not use remuneration consultants during the year or prior year.

Key management personnel equity holdings

Fully Paid ordinary shares issued by Gibb River Diamonds Limited

The movement during the reporting year in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each specified director is as follows:

Director	Opening Balance 1 July 2018	Granted as compensation	Received on exercise of options	Other movement during the year	Closing Balance 30 June 2019
James Richards (i)	35,349,735	-	-	-	35,349,735
Grant Mooney (ii)	9,073,888	-	-	-	9,073,888
Mark Thompson (iii)	5,466,667	-	-	-	5,466,667

- (i) James Richards holds 32,183,068 shares in his own name. Llangurig Super Pty Ltd <Jim Richards Super Fund A/c>, in which James Richards is a director and beneficiary holds 3,166,667 shares and 3,000,000 unlisted options.
- (ii) Grant Mooney holds 2,238,888 shares in his own name. Samantha Mooney, spouse of Grant Mooney holds 13,333 shares and Mooney & Partners Pty Ltd of which Grant Mooney is the sole director holds 1,145,000 shares. Ocean Flyers Pty Ltd <S&G Mooney Super Fund>, in which Grant Mooney is a director and beneficiary holds 5,676,667 shares. Grant Mooney holds 1,000,000 options in his own name.
- (iii) Kelly Thompson, spouse of Mark Thompson holds 1,000,000 shares. Lateral Minerals Pty Ltd <The Thompson Family Trust> in which Mark Thompson is a director and beneficiary holds 1,000,000 shares and 1,000,000 unlisted options and Lateral Minerals Pty Ltd <Sungold Superannuation Fund A/c> in which Mark Thompson is a director and beneficiary holds 3,466,667 shares and 1,000,000 unlisted options.

Executive unlisted share options issued by Gibb River Diamonds Limited

The movement during the reporting year in the number of unlisted options over ordinary shares in the Company held, directly, indirectly or beneficially, by each specified director is as follows:

2019

Director	Balance as at beginning of year 1 July 18	Expired	Granted as compensation	Balance vested at 30 June 2019	Vested but not exercisable	Vested and exercisable 30 June 2019
James Richards (i)	6,000,000	(3,000,000)	-	3,000,000	-	3,000,000
Grant Mooney (ii)	2,000,000	(1,000,000)	-	1,000,000	-	1,000,000
Mark Thompson (iii)	2,000,000	(1,000,000)	-	1,000,000	-	1,000,000

The options which expired during the year were granted in the 2015 year.

DIRECTORS' REPORT
30 JUNE 2019
REMUNERATION REPORT (AUDITED) (CONTINUED)

Services Agreements

Executive Chairman James (Jim) Richards has an employment contract commencing on 1 October 2013 which continues on a month by month basis with one month's termination notice. The Contract provides for a director's fee of \$180,000 per annum plus statutory superannuation, but this fee was reduced to \$160,000 plus statutory superannuation on 1/8/13 as part of cost reductions in the Company.

Non-Executive Director Grant Mooney has a Services Agreement commencing on 14 October 2008 which continues on a month by month basis with one month's termination notice. The Contract provides for a director's fee of \$45,000 per annum plus statutory superannuation, but this fee was reduced to \$25,000 plus statutory superannuation on 1/8/13 as part of cost reductions in the Company.

Non-Executive Director Mark Thompson has a letter of appointment for no fixed term commencing on 1 October 2012. The Contract provides for a director's fee of \$20,000 per annum plus statutory superannuation.

Mooney & Partners Pty Ltd, a company associated with Grant Mooney has a services contract with the Company to provide company secretarial and administrative services to the Company for a period of 3 years commencing on 1 September 2009 which expired on 1 September 2012 and continues on a month by month basis with one month's termination notice. The Contract provides for an annual fee of \$96,000 per annum plus GST, but this fee was reduced to \$48,000 per annum plus GST on 1/8/13 as part of cost reductions in the Company.

No director or member of senior management are entitled to any termination payment apart from remuneration payable up to and including the termination date and any amounts payable due upon accrued leave.

END OF REMUNERATION REPORT

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

During the year there were no non-audit services provided by HLB Mann Judd, nor its related entities. During the year there were also no non-audit services provided by previous auditor Grant Thornton Audit Pty Ltd, nor its related entities.

AUDITOR'S INDEPENDENCE DECLARATION

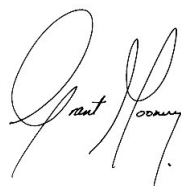
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed on 19th September 2019 in accordance with a resolution of the Board, made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the Directors:



JAMES RICHARDS
Executive Chairman



GRANT MOONEY
Non-executive Director



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Gibb River Diamonds Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
19 September 2019

A handwritten signature in blue ink that reads 'D I Buckley'.

D I Buckley
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

GIBB RIVER DIAMONDS LIMITED
ABN 51 129 158 550

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

	Note	30 June 2019 \$	30 June 2018 \$
Interest	3	28,800	28,932
Other income	3	323,000	795,439
Total Income		351,800	824,371
Exploration expenditure expensed		(29,596)	(51,975)
Impairment of exploration expenditure	14	(60,721)	(293,697)
Employee benefits expense	6	(147,836)	(146,414)
Accounting, tax and audit		(84,514)	(60,700)
Corporate advisory		(1,950)	-
Company Secretarial		(48,000)	(48,000)
Depreciation expense	4	(3,839)	(7,716)
Rental expenses	4	(59,752)	(59,374)
Administration expenses		(169,094)	(146,982)
Share based payments	4	(215,934)	(112,957)
Net fair value loss on financial assets at fair value through profit or loss	13	(411,525)	(67,800)
Total Expenses		(1,232,761)	(995,615)
Loss before income tax expense		(880,961)	(171,244)
Income tax benefit/(expense)	5	-	-
Loss after income tax expense		(880,961)	(171,244)
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available for sale of financial assets	13	-	(167,500)
Total Comprehensive Loss for the year		(880,961)	(338,744)
		Cents	Cents
Basic loss per share (cents per share)	23	(0.492)	(0.101)
Diluted loss per share (cents per share)	23	(0.492)	(0.101)

The accompanying notes form part of these financial statements.

GIBB RIVER DIAMONDS LIMITED
ABN 51 129 158 550

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30 June 2019 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	8	1,272,846	1,670,857
Trade and other receivables	9	34,956	278,721
Other	10	28,993	33,682
Assets held for sale	11	679,783	-
TOTAL CURRENT ASSETS		2,016,578	1,983,260
NON-CURRENT ASSETS			
Property, plant and equipment	12	390,317	319,070
Environmental bond		21,859	21,859
Financial assets at fair value through profit or loss	13	98,850	510,375
Exploration and evaluation expenditure	14	874,109	1,241,854
TOTAL NON-CURRENT ASSETS		1,385,135	2,093,158
TOTAL ASSETS		3,401,713	4,076,418
CURRENT LIABILITIES			
Trade and other payables	15	52,970	91,520
Provisions	16	81,252	52,380
TOTAL LIABILITIES		134,222	143,900
NET ASSETS		3,267,491	3,932,518
EQUITY			
Issued capital	17	15,749,292	15,749,292
Reserves	18	328,891	(1,623)
Accumulated losses	19	(12,810,692)	(11,815,151)
TOTAL EQUITY		3,267,491	3,932,518

The accompanying notes form part of these financial statements.

GIBB RIVER DIAMONDS LIMITED
ABN 51 129 158 550

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

	Ordinary Shares \$	Options Reserve \$	Assets held for Sale Reserve \$	Accumulated Losses \$	Total \$
Balance as at 1 July 2017	14,590,606	116,070	-	(11,643,907)	3,062,769
Loss for the year	-	-	-	(171,244)	(171,244)
Other comprehensive loss	-	-	(167,500)	-	(167,500)
Total comprehensive loss for the year	-	-	(167,500)	(171,244)	(338,744)
Issue of shares	1,000,000	-	-	-	1,000,000
Share issue costs	(55,264)	-	-	-	(55,264)
Options exercised for the year	213,950	(63,150)	-	-	150,800
Options issued for the year	-	112,957	-	-	112,957
Balance as at 30 June 2018	15,749,292	165,877	(167,500)	(11,815,151)	3,932,518
Balance as at 1 July 2018	15,749,292	165,877	(167,500)	(11,815,151)	3,932,518
Adjustment from adoption of AASB 9 (refer to note 2)	-	-	167,500	(167,500)	-
Adjusted Balance 1 July 2018	15,749,292	165,877	-	(11,982,651)	3,932,518
Loss for the year	-	-	-	(880,961)	(880,961)
Total comprehensive loss for the year	-	-	-	(880,961)	(880,961)
Options expired during the year	-	(52,920)	-	52,920	-
Options expensed for the year	-	215,934	-	-	215,934
Balance as at 30 June 2019	15,749,292	328,891	-	(12,810,692)	3,267,491

The accompanying notes form part of these financial statements.

GIBB RIVER DIAMONDS LIMITED
ABN 51 129 158 550

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 \$	30 June 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		355,300	33,000
Payments to suppliers and employees		(536,317)	(482,851)
R&D refund received		210,040	-
Interest received		28,321	31,067
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	8	57,344	(418,784)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(82,596)	(347,856)
Proceeds from disposal of exploration and evaluation		-	33,000
Payments for exploration and evaluation expenditure		(372,759)	(686,869)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(455,355)	(1,001,725)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	1,000,000
Proceeds from exercise of options		-	150,800
Share issue costs		-	(55,264)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		-	1,095,536
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD		(398,011)	(324,973)
Cash and cash equivalents at the beginning of the year		1,670,857	1,995,830
Cash and cash equivalents at the end of the year	8	1,272,846	1,670,857

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 1. CORPORATE INFORMATION

Gibb River Diamonds Limited is a for-profit company limited by shares domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited.

The address of the registered office and the principal place of business are disclosed on the contents page.

The nature of the operations and principal activities of the Company are described in Note 20.

Note 2. SUMMARY OF ACCOUNTING POLICIES

(a) Statement of Compliance

The Financial Report for the Company for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 19 September 2019.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(b) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared on a historical cost basis, except for selected non-current assets, financial assets which have been measured at fair value as explained in the relevant accounting policies. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The functional currency is Australian Dollars and rounding is made to the nearest dollar.

Accounting policies have been consistently applied to all financial years presented unless specially stated below.

(c) Adoption of New and Revised Standards

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. Those which have a material impact on the Company are set out below.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurements, impairment of financial assets and hedge accounting model.

The Company has adopted AASB 9 from 1 July 2018.

The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). The Company has not made this election.

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

The Company has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information accordingly, the information presented for 30 June 2018 has not been restated.

Other than the above, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Impact of standards issued but not yet applied by the Company

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

AASB 16 Leases

The new 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
- requires new and different disclosures about leases

Impact on finance leases

The main differences between AASB 16 and AASB 117 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor.

AASB 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117.

Based on an analysis of the Company's finance leases as at 30 June 2019 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed that this change will not have an impact on the amounts recognised in the Company's financial statements.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments that have original maturities of 4 months or less, readily convertible to known amounts of cash and are subject to insignificant risk of changes in values.

(e) Employee benefits

Employee benefits provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave, 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 employee benefits expected to be settled within one year are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits expected to be settled beyond one year are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Defined contribution plans

Contribution to defined contribution superannuation plans are expensed when incurred.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

(g) Income tax (continued)

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items credited or debited to profit or loss (whether in other comprehensive income or directly in equity), in which case the deferred tax is also recognised outside profit or loss, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(h) Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(i) Property, plant and equipment

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment and is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the term of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting year.

The following estimated useful lives are used in the calculation of depreciation:

- Furniture & Fittings - 10 years
- Vehicles - 12 years
- Plant & equipment - 3 years
- Buildings & improvements - 7 years

(j) Provisions

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

(k) Revenue recognition

Interest revenue

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

Rental income

Rental income is recognised in the period in which it is earned.

(l) Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting term, based on the Company's estimate of shares that will eventually vest.

(m) Exploration and evaluation

Exploration and evaluation expenditure costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where the right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

These assets are considered for impairment on a six-monthly basis, depending on the existence of impairment indicators including:

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

Accumulated costs in relation to an abandoned area are written off in full against profit/(loss) in the year in which the decision to abandon the area is made.

When a decision is made to proceed with development in respect of a particular area of interest, the accumulated costs for the relevant area of interest are tested for impairment and the balance is then transferred to development assets.

(n) Development Costs

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

(o) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development, production, transportation or storage activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the cost of removing facilities, abandoning sites/wells and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date. The initial estimate of the restoration and rehabilitation provision relating to exploration, development and milling/production facilities is capitalised into the cost of the related asset and depreciated/amortised on the same basis as the related asset, unless the present obligations arises from the production of inventory in the year, in which case the amount is included in the cost of production for the year. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

(p) Financial instruments

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements.

Transaction costs on the issue of equity instruments

Transactions costs arising on the issue of equity instruments are recognised directly in equity as reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(q) Financial Assets

Applicable to 30 June 2019

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

(q) Financial Assets (continued)

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

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains an equity investment. The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.
- '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derecognition of financial assets

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all of the risks and rewards of control of the asset.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

(q) Financial Assets (continued)

Applicable to 30 June 2018

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of profit or loss and other comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all of the risks and rewards of control of the asset.

(r) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(s) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

(t) Critical Accounting Estimates and Judgements

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

Share based payments

The values of amounts recognised in respect of share-based payments have been estimated based on the grant date fair value of the options. To estimate the fair value an option pricing model has been used. There are many variable assumptions used as inputs into the model (which have been detailed in Note 17. If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised.

Exploration expenditure

Exploration expenditure is capitalized where the Company holds a current tenement. The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of resources or reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the view that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

(u) Research and Development expenditure

From 1 July 2016, the Australian Government has provided a tax incentive for eligible research and development expenditure. Management has assessed its research and development activities and expenditures to determine which are likely to be eligible under the scheme.

The Company records the benefit of this credit only when all qualifying research has been performed and the Company has obtained sufficient evidence from the relevant government authority that the credit will be granted.

Note 3. Income

	30 June 2019	30 June 2018
	\$	\$
Interest received from financial institutions	28,800	28,932
Total Revenue	28,800	28,932
Other Income		
Farm-in option fees ⁽¹⁾	323,000	30,000
Profit on disposal of exploration project	-	555,399
Tax incentive for Research & Development expenditure	-	210,040
Total other income	323,000	795,439
Total Income	351,800	824,371

(1) During the year, the Company has received call option fees from two different companies. The options expired unexercised and the option fees are non-refundable.

Note 4. Loss

	30 June 2019	30 June 2018
	\$	\$
Expenses		
Depreciation of non-current assets	3,839	7,716
Rental expense on operating leases	59,752	59,374
Share based payment expenses	215,934	112,957

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 3. Income Tax

Income tax expense

	30 June 2019	30 June 2018
	\$	\$
(a) The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense as follows:		
Loss from continuing operations before tax	(880,961)	(171,244)
Income tax benefit calculated at 27.5% (2018: 27.5%)	(242,264)	(47,092)
Non-deductible expenses	59,491	163,854
Non assessable income	(57,761)	(57,761)
Temporary differences not brought to account as a deferred tax asset	9,669	(43,260)
Tax losses not brought to account as a deferred tax asset/(realisation of prior tax losses not brought to account)	230,865	(15,741)
Income tax benefit at effective rate of 0% (2018: 0%)	-	-
(b) Exploration		
Exploration and Evaluation	182,806	276,342
Add: Other	8,772	93,100
Recognised deferred tax liabilities	191,578	369,442
(c) Deferred tax assets		
Temporary differences	219,380	113,671
Tax losses – revenue	(27,802)	255,771
Recognised deferred tax assets	191,578	369,442
The deferred tax assets and deferred tax liabilities are recognised and fully offset.		
Not recognised:		
Unrecognised tax losses	101,096	-
Unrecognised tax losses	10,863,097	9,093,507
Total deferred tax assets not recognised	10,964,193	9,093,507
Tax effect of unrecognised tax losses	3,015,153	2,500,714

The net deferred tax asset arising from the tax losses has not been recognised as an asset in the Statement of Financial Position because recovery is not probable.

The taxation benefit of tax losses not brought to account will only be obtained if:

- (i) assessable income is derived of a nature and of an amount sufficient to enable the benefits to be realised;
- (ii) conditions for deductibility imposed by the law are complied with; and
- (iii) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Note 4. Management & Employee Personnel Compensation

The compensation paid to Key Management Personnel of the Company is set out below, please refer to the remuneration report in the directors' report for further information:

	30 June 2019	30 June 2018
	\$	\$
Short-term employee benefits	205,000	205,000
Post-employment benefits	19,475	19,475
Share-based payments	-	166,500
	224,475	390,975

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 6. Management & Employee Personnel Compensation (continued)

The compensation paid to employees of the Company is set out below. It is less than the total amount paid to Key Management Personnel due to the allocation of exploration costs to capitalised Exploration and Evaluation expenditure.

Employee compensation

	30 June 2019	30 June 2018
	\$	\$
Wages, salaries excluding allocation to exploration	119,917	115,311
Superannuation	27,919	31,103
Total as per employee benefit expense	147,836	146,414
Share-based payments	215,934	112,957
Total employee compensation	363,770	259,371

Note 7. Auditor's Remuneration

Amounts received, or due and receivable by the auditors, HLB Mann Judd, for audit or review of the financial report

Amounts received, or due and receivable by the previous auditors, Grant Thornton Audit Pty Ltd, for audit or review of the financial report

14,000	-
22,375	27,000

Note 8. Cash and Cash Equivalents

Cash at bank and on hand⁽¹⁾

1,272,846	1,670,857
-----------	-----------

CASH FLOW INFORMATION

Reconciliation of the loss from continuing operations after income tax to the net cash flows from operating activities.

Loss from continuing operations after income tax	(880,961)	(171,244)
- Impairment of exploration expenditure	60,721	293,697
- Revaluation of financial assets	345,625	-
- Revaluation of derivative financial instruments	65,900	67,800
- Depreciation expense	3,839	7,716
- Share based payments	215,934	112,957
- Unearned income	-	30,000
- Employee benefits accrued/(paid out)	28,872	18,944
- (Gain)/Loss on disposal of assets	-	(555,399)
- (Increase)/Decrease in debtors	243,765	(244,745)
- (Increase)/Decrease in prepayments	4,690	(23,904)
- Increase/(decrease) in trade creditors	(31,041)	45,394
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	57,344	(418,784)

⁽¹⁾ Cash at Bank includes \$45,000 (2018: \$45,000) held as security for credit cards.

Note 9. Trade and Other Receivables

Current

Trade debtors	7,051	41,255
Interest receivable	2,905	2,426
R&D receivable	-	210,040
Other debtors	25,000	25,000
	34,956	278,721

Note 10. Prepayments

Prepayments	28,993	33,682
-------------	--------	--------

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 11. Assets Held for Sale

	30 June 2019 \$	30 June 2018 \$
Carrying value of assets held for sale ⁽¹⁾	679,783	-

⁽¹⁾ The Company continues to engage with potential buyers as regards the Highland Plains phosphate asset in the Northern Territory which has a JORC Code (2004) compliant Inferred Resource of 53 million tonnes at 16% P2O5 (ASX release 31 March 2009). On 19 November 2018, an Option deal over this asset was announced. The Option was to sell 100% of the Highland Plains Project to a private Canadian company, ILS Resources Inc ('ILS') for payment of an option fee of \$100,000 (plus GST). This Option has been renewed twice (for fees) during the year and was valid until 12 July 2019.

To exercise the Option, ILS was to pay to GIB A\$2,500,000 plus GST in cash as well as other previously reported benefits. The exercise of this option would deliver the Blina Project funding the Company requires. The exercise of the option was at the discretion of ILS.

Note 12. Property Plant & Equipment

	30 June 2019 \$	30 June 2018 \$
Cost	503,769	428,683
Accumulated depreciation	(113,452)	(109,613)
	390,317	319,070
Land and Buildings	220	283
Plant and Equipment	388,536	316,402
Fixtures & Fittings	1,561	2,385
	390,317	319,070

	Land & buildings	Plant & equipment	Fixtures & Fittings	Total
<i>Cost</i>				
Balance as at 30 June 2017	443	102,099	9,908	112,450
Additions	-	316,233	-	316,233
Disposals	-	-	-	-
Balance as at 30 June 2018	443	418,332	9,908	428,683
Additions	-	74,941	145	75,086
Disposals	-	-	-	-
Balance as at 30 June 2019	443	493,273	10,053	503,769
<i>Accumulated Depreciation</i>				
Balance as at 30 June 2017	(97)	(95,265)	(6,535)	(101,897)
Depreciation	(63)	(6,665)	(988)	(7,716)
Disposals	-	-	-	-
Balance as at 30 June 2018	(160)	(101,930)	(7,523)	(109,613)
Depreciation	(63)	(2,807)	(969)	(3,839)
Disposals	-	-	-	-
Balance as at 30 June 2019	(223)	(104,737)	(8,492)	(113,452)
Net written down value 30 June 2018	283	316,402	2,385	319,070
Net written down value 30 June 2019	220	388,536	1,561	390,317

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 13. Financial Assets at fair value through profit or loss

Equity financial assets are recognised at fair value through profit or loss and are classified as fair value through profit or loss financial assets.

	30 June 2019 \$	30 June 2018 \$
Listed shares ⁽¹⁾	96,250	441,875
Unlisted Options ⁽²⁾	2,600	68,500
	98,850	510,375

The net loss from financial assets at fair value through profit or loss for the year being the difference in closing values of listed share and unlisted options was \$411,525 (2018: \$67,800)

- (1) Listed shares are valued at fair value according to closing ASX share price on last trading day of each period.
(2) Unlisted options are valued using the Black-Scholes method at the issued date. The options are exercisable at \$0.25, expiring on 30 April 2021. They are valued using a risk-free rate of 1.5% and 100% volatility. The unlisted options have been revalued at balance date.

Note 14. Exploration and Evaluation Expenditure

Exploration and evaluation phase:

Opening balance Exploration and evaluation expenditure	1,241,857	1,089,583
Exploration and evaluation expenses capitalised during year	372,756	686,869
Less: Impairment	(60,721)	(293,697)
Less: cost of exploration and evaluation projects sold	-	(240,901)
Less: transfer to Assets held for sale	(679,783)	-
Closing balance Exploration and evaluation expenditure	874,109	1,241,857

During the year the Directors recognised an impairment on previously capitalised expenditure on specific tenements due to the tenements no longer being held.

The Company's title to certain mining tenements is subject to Ministerial approval and may be subject to outcomes of native title issues (Refer Note 25).

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective area.

Note 15. Trade and Other Payables

Trade creditors	2,421	19,379
Other creditors	50,549	72,141
	52,970	91,520

The average credit period on purchases is 60 days. There is no interest charged on payables.

Note 16. Provisions

Employee entitlements – annual & long service leave accrued	81,252	52,380
---	--------	--------

Note 17. Issued Capital

(a) Issued Shares

	Number	\$
Opening Balance 1 July 2017	161,168,333	14,950,606
Exercise of options	6,800,000	213,950
Share placement 2 March 2018	5,555,556	500,000
Share purchase plan 19 March 2018	5,555,556	500,000
Share issue costs	-	(55,264)
Closing Balance 30 June 2018	179,079,445	15,749,292
Opening Balance 1 July 2018	179,079,445	15,749,292
Closing Balance 30 June 2019	179,079,445	15,749,292

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 17. Issued Capital (continued)

(b) Options on Issue

The fair value per option granted during the year are detailed in Note 18.

Expiry date	3 Nov 2018	13 Dec 2018	10 Oct 2020	10 Oct 2020	20 Feb 2021	20 Nov 2021	Weighted average exercise price \$	Weighted average contractual life remaining Months
Exercise Price	\$0.07 Directors 1	\$0.035 Employees 2	\$0.05 Consultant 3	\$0.09 Directors & Employee 4	\$0.05 Consultant 5	\$0.09 Employee 6		
Opening 1/7/18	5,000,000	400,000	6,000,000	5,500,000	3,000,000	-	0.066	20.79
Exercised	-	-	-	-	-	-	-	-
Expired	(5,000,000)	(400,000)	-	-	-	-	0.067	-
Issued	-	-	-	-	-	500,000	0.09	17.73
Closing 30/6/19	-	-	6,000,000	5,500,000	3,000,000	500,000	0.066	16.90

The above-mentioned options have the following key terms:

¹ Directors' options are exercisable at \$0.07 each, by the expiry date noted above.

² Employees' options are exercisable at \$0.035 each, by the expiry date noted above. The options vest immediately.

³ Consultants' options are exercisable at \$0.05 each, by the expiry date noted above. The options vest immediately.

⁴ Directors' and Employees' options are exercisable at \$0.09 each, by the expiry date noted above. The options vest immediately, and were settled in equity.

⁵ Consultants' options are exercisable at \$0.05 each, by the expiry date noted above. The options vest immediately.

⁶ Employees' options are exercisable at \$0.09 each, by the expiry date noted above. The options vest immediately.

The weighted average contractual life of options remaining as at 30 June 2019 is 1.4 years (2018: 1.73 years).

Note 18. Reserves

Nature and purpose of reserves

Share option reserve

This reserve is used to record the value of equity benefits provided to employees, consultants and Directors as part of their remuneration.

Assets held for sale reserve

This reserve was used to record the change in value of assets held for sale. After the application of AASB 9, this reserve is no longer required.

Share Option Reserve

	30 June 2019 \$	30 June 2018 \$
Opening Balance	165,877	116,070
Consultant Options – 16 October 2017	49,581	35,046
Directors' Options – 26 October 2017	55,399	37,641
Employees' Options – 26 October 2017	5,540	3,764
Consultant Options – 20 February 2018	101,714	36,506
Employees' Options – 7 November 2018	3,700	-
Less – options exercised	-	(63,150)
Less – expired options	(52,920)	-
Closing balance	328,891	165,877

The Share Option Reserve arises as the share options granted vest over the vesting period. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 18. Reserves (continued)

Using the Black & Scholes options valuation and methodology, the fair value of the options were calculated. The following inputs were used:

INPUT	CONSULTANT OPTIONS	DIRECTORS OPTIONS	EMPLOYEE OPTIONS	CONSULTANT OPTIONS	EMPLOYEE OPTIONS
Exercise price	\$0.05	\$0.09	\$0.09	\$0.05	\$0.09
Share price	\$0.042	\$0.061	\$0.061	\$0.13	\$0.063
Grant date	16/10/17	26/10/17	26/10/17	20/02/18	20/11/18
Expected volatility (i)	100%	100%	100%	100%	100%
Expiry date	10/10/20	26/10/20	26/10/20	20/02/21	20/11/21
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk free interest rate	1.5%	1.5%	1.5%	1.5%	1.5%
Value per option	\$0.0247	\$0.0333	\$0.0333	\$0.1019	\$0.0348
Number of options	6,000,000	5,000,000	500,000	3,000,000	500,000
Value of options	\$148,200	\$166,500	\$16,650	\$305,700	\$17,400

(i) Volatility using the Black & Scholes method was determined by looking at similar companies for a similar period.

Assets Held for Sale Reserve

	30 June 2019 \$	30 June 2018 \$
Opening balance	167,500	-
Available for sale financial assets (change in fair value)	-	167,500
Move to opening accumulated losses on initial application of AASB 9	(167,500)	-
Balance at the end of the year	-	167,500

Note 19. Accumulated Losses

	30 June 2019 \$	30 June 2018 \$
Balance at the beginning of the year	(11,815,151)	(11,643,907)
Transfer on initial application of AASB 9	(167,500)	-
Net loss for the year	(880,961)	(171,244)
Transfer from share option reserve (expired options)	52,920	-
Balance at the end of the year	(12,810,692)	(11,815,151)

Note 20. Statement of Operations by Segment

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company operates solely in the natural resources exploration industry in Australia and has determined that this is the only operating segment. The Company is predominantly involved in mineral exploration and development.

Note 21. Related Party Transactions

a) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 6 to the financial statements.

b) Transactions with director related entities

During the year, Mooney & Partners Pty Ltd, a company associated with Grant Mooney was paid for Company secretarial services provided to the Company totalling \$48,000 (2018: \$48,000).

Note 22. Financial Instruments

(a) Overview

The Company's principal financial instruments comprise receivables, payables, cash and short-term deposits. The main risks arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and commodity prices risk.

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. All financial assets and liabilities are held at amortised cost, with the exception of financial assets at fair value through profit or loss (Note 12).

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 22. Financial Instruments (Continued)

(b) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective average interest rates in classes of financial assets and liabilities is as follows:

2019	Average Effective Interest Rate %	Fixed Interest Rate \$	Floating Interest Rate \$	Non-Interest Bearing \$	Total \$
Financial assets:					
Operating accounts	-	-	-	17,570	17,570
Savings accounts	0.5%	-	118,053	-	118,053
Term deposits	2.06%	1,137,223	-	-	1,137,223
Receivables	-	-	-	34,956	34,956
Financial assets	-	-	-	98,850	98,850
		1,137,223	118,053	151,376	1,406,652
Financial liabilities:					
Accounts payable	-	-	-	52,970	52,970

2018	Average Effective Interest Rate %	Fixed Interest Rate \$	Floating Interest Rate \$	Non-Interest Bearing \$	Total \$
Financial assets:					
Operating accounts	-	-	-	21,428	21,428
Savings accounts	0.5%	-	938,873	-	938,873
Term deposits	2.03%	710,554	-	-	710,554
Receivables	-	-	-	278,721	278,721
Available for sale financial assets	-	-	-	441,875	441,875
Derivative financial assets	-	-	-	68,500	68,500
		710,554	938,873	810,524	2,459,951
Financial liabilities:					
Accounts payable	-	-	-	91,520	91,520
				91,520	91,520

The Company's exposure to interest rate risks is not material.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

There are no significant concentrations of credit risk within the Company. The carrying amount of the Company's financial assets represents the maximum credit risk exposure, as represented below:

	2019 \$	2018 \$
Cash and cash equivalents	1,272,846	1,670,857
Trade and other receivables	34,956	278,721
	1,307,802	1,949,578

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Company will always have sufficient liquidity to meet its liabilities when due, by insuring sufficient liquid funds are available on short term maturities.

The maturity of all financial assets and liabilities is less than six months.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 22. Financial Instruments (Continued)

(e) Commodity price risk

The Company is exposed to commodity price risk. Commodity prices can be volatile and are influenced by factors beyond the Company's control. As the Company is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(f) Fair Value

The net fair value of financial assets and financial liabilities approximate their carrying value. Net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis.

30 June 2019	Level 1	Level 2	Level 3	Total
Financial Assets:				
Listed Shares	96,250	-	-	96,250
Unlisted Options	-	2,600	-	2,600
Net fair value:	96,250	2,600	-	98,950

30 June 2018	Level 1	Level 2	Level 3	Total
Financial Assets:				
Available for sale financial assets	441,875	-	-	441,875
Derivative financial assets	-	68,500	-	68,500
Net fair value:	441,875	68,500	-	510,375

There were no transfers between Level 1 and Level 2 in 2019.

Fair values of these listed securities have been estimated by reference to quoted bid prices in active markets at the reporting date and are categorised within Level 1 of the fair value hierarchy above.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 23. Earnings per Share	2019 Cents	2018 Cents
Basic loss per share (cents per share)	(0.492)	(0.101)
Diluted loss per share (cents per share)	(0.492)	(0.101)
Basic Earnings per Share	2019 \$	2018 \$
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Loss	(880,961)	(171,244)
	2019 No.	2018 No.
Weighted average number of ordinary shares	179,079,445	169,342,580
Weighted average number of dilutive ordinary shares	N/A	N/A

Options outstanding at year end are not dilutive and therefore are not included in the calculation of dilutive loss per share.

Note 24. Significant Events Subsequent to Year End

There was no matter or circumstance subsequent to the end of the year that has significantly affected the operations of the Company, the results of operations or the state of affairs in future financial years.

Note 25. Contingent Liabilities

In June 1992 the High Court of Australia held in the Mabo case that the common law of Australia recognises a form of native title. The full impact that the Mabo decision may have on tenements held by the Company is not yet known. The Company is aware of native title claims that have been lodged with the National Native Title Tribunal ("the Tribunal") over several areas in the Northern Territory in which the Company holds interests. The native title claims have been accepted by the Tribunal for determination under section 63(1) of the Native Title Act 1993 (Commonwealth). There is no information at balance date known to Directors which would result in an impairment trigger or potential loss of tenements.

Note 26. Commitments for Expenditure

These amounts are payable, if required, over various times over the next five years. In addition, royalty payments may be payable if certain conditions are met in the future. At this time, the Directors do not consider the payments to be probable.

Operating Lease Commitment as follows:

The Company has extended a rental agreement for office premises commencing on 16 May 2018 for a period of 24 months.

Office Rental

- Due within 1 year
- Due 1 to 5 years

	2019 \$	2018 \$
- Due within 1 year	51,634	57,576
- Due 1 to 5 years	-	50,658

Exploration Expenditure Commitments:

The Company has minimum statutory commitments as conditions of tenure of certain mining tenements. Whilst these obligations may vary, a reasonable estimate of the minimum commitment projected for the next 12 months if it is to retain all of its present interests in mining and exploration properties is \$186,000 (2018: \$234,600).

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

DIRECTORS' DECLARATION

1. In the opinion of the directors of Gibb River Diamonds Limited ("the Company")
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

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



JAMES RICHARDS
Chairman



GRANT MOONEY
Non-executive Director

Dated this 19th day of September 2019



INDEPENDENT AUDITOR'S REPORT

To the members of Gibb River Diamonds Limited

Report on the Audit of the Financial Report

Opinion

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

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

- a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying amount of exploration and evaluation expenditure Note 14 of the financial report</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> ▪ We obtained an understanding of the key processes associated with management’s review of the carrying values of each area of interest; ▪ We considered the Directors’ assessment of potential indicators of impairment; ▪ We obtained evidence that the Company has current rights of tenure to its areas of interest; ▪ We examined the exploration budget for the year ending 30 June 2020 and discussed with management the nature of planned ongoing activities; ▪ We substantiated a sample of expenditure incurred to supporting documentation; and ▪ We examined the disclosures made in the financial report.
<p>Non-current asset held for sale - Highland Plains project Note 11 of the financial report</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> ▪ We discussed management’s assessment of whether a sale is highly probable; ▪ We considered management’s view that the project is ready for immediate sale; ▪ We considered the Directors’ assessment of the carrying amount on reclassification of the project; and ▪ We examined the disclosures made in 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 Company’s annual report for the year ended 30 June 2019, but does not include the financial report and our auditor’s report thereon.



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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Gibb River Diamonds Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

A handwritten signature in blue ink that reads 'D I Buckley'.

**D I Buckley
Partner**

**Perth, Western Australia
19 September 2019**

ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 9 September 2019.

Spread of Holdings			Ordinary Shares
1	-	1,000	26,591
1,001	-	5,000	326,512
5,001	-	10,000	1,285,374
10,001	-	100,000	17,402,051
100,001	-	and over	160,038,917

Number of Holders: 942

Number of shareholders holding less than a marketable parcel: 388

SUBSTANTIAL SHAREHOLDERS

Shareholder Name	Number of Shares
James Richards	32,183,068
Kelsi Chemicals Pty Ltd <Ruane S/F A/C>	12,944,941

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights.

STATEMENT OF QUOTED SECURITIES / TOTAL SHARES ON ISSUE

Listed on the Australian Securities Exchange are 179,079,445 fully paid shares.

COMPANY SECRETARY

The name of the Company Secretary is Grant Jonathan Mooney.

REGISTERED OFFICE

The registered office is at Suite 4, 6 Richardson Street, West Perth, Western Australia 6005.

GIBB RIVER DIAMONDS LIMITED
ABN 51 129 158 550

TWENTY LARGEST HOLDERS OF EACH CLASS OF QUOTED EQUITY SECURITIES
(as at 9 September 2019)

ORDINARY FULLY PAID SHARES

Shareholder Name	Number of Shares	Percentage of Capital
JAMES MCARTHUR RICHARDS	32,183,068	17.97%
KESLIE CHEMICALS PTY LTD <RUANE SUPER FUND A/C>	12,944,941	7.23%
ONE MANAGED INVESTMENT FUNDS LTD <1 A/C>	8,792,526	4.91%
OCEAN FLYERS PTY LTD <S&G MOONEY SUPER FUND>	5,676,667	3.17%
ANNE MARIE HUTCHINGS	3,650,000	2.04%
JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,612,001	2.02%
LLANGURIG SUPER PTY LTD <JIM RICHARDS SUPER FUND>	3,166,667	1.77%
IANAKI SEMERDZIEV	3,156,452	1.76%
CORONA LAND HOLDINGS PTY LTD <HUMBERSTONE SUPER FUND>	2,533,333	1.41%
CLELAND PROJECTS PTY LTD <CT A/C>	2,500,000	1.40%
DALE LEONARD ANDREWS & JILLIAN PATRICIA ANDREWS <DOG STAR SUPER FUND A/C>	2,492,000	1.39%
PHILIP ANDREW PILCHER	2,312,542	1.29%
GRANT JONATHAN MOONEY	2,238,882	1.25%
LATERAL MINERALS PTY LTD <SUNGOLD SUPER FUND>	2,200,000	1.23%
OAK WINDS SUPER PTY LTD <DACIN NOMINEES PTY LTD SUPER FUND>	2,000,000	1.12%
IAN KERR	1,876,336	1.05%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,718,166	0.96%
PAUL SCIANCALEPORE & PAULINE SCIANCALEPORE	1,666,667	0.93%
PURE INTEGRITY PTY LTD <GREGSON GROUP SUPER FUND>	1,500,000	0.84%
Z&M CONSOLIDATED PTY LTD <THE Z & M SUPER FUND>	1,500,000	0.84%
ANDREW IAN BROWN	1,450,000	0.81
Total	99,170,248	55.38%

HOLDERS OF SECURITIES IN AN UNQUOTED CLASS

OPTIONS

Option Holder Name	Directors Options Expiring 3 Nov 2018 @ 7.0 cents each	Employee Options Expiring 13 Dec 2018 @ 3.5 cents each	Consultant Options Expiring 10 October 2020 @ 5.0 cents each	Directors & Employee Options Expiring 26 Oct 2020 @ 9.0 cents each	Employee Options Expiring 20 November 2021 @ 9 cents each
James Richards	3,000,000	-	-	3,000,000	-
Mark Thompson	1,000,000	-	-	1,000,000	-
Grant Mooney	1,000,000	-	-	1,000,000	-
Michael Denny	-	400,000	-	500,000	500,000
Bunuba	-	-	6,000,000	-	-
	5,000,000	400,000	6,000,000	5,500,000	500,000

CORPORATE GOVERNANCE

(a) The Board of Directors

The primary responsibility for the Board is to represent and advance Shareholder's interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The Company has adopted the *ASX Corporate Governance Principles and Recommendations* with some amendments where applicable after giving consideration to the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

A summary of the Company's key policies follows.

(b) Board and Senior Executive Evaluation

The Board considers the ongoing development and improvement of its own performance as critical input to effective governance. The Board will undertake an annual evaluation of its effectiveness as a whole. The Chairman will review the individual performance of each Board member annually.

The Chairman's performance is evaluated by the Board annually.

All senior executives of Gibb River Diamonds are subject to an annual performance evaluation. Each year, senior executives establish a set of performance targets with her or his superior. These targets are aligned to overall business goals and requirements of the position. In the case of the Executive Chairman, these targets are established between the Executive Chairman and the Board.

(c) Code of Conduct

The Board, management and all employees of Gibb River Diamonds are committed to implementing Gibb River Diamonds' core principles and values as stated in this Code of Conduct when dealing with each other and with customers, suppliers, government authorities, creditors and the wider community.

Gibb River Diamonds is dedicated to delivering outstanding performance for investors and employees. Gibb River Diamonds aspires to be a leader in its field while operating openly, with honesty, integrity and responsibility and maintaining a strong sense of corporate social responsibility. In maintaining its corporate social responsibility Gibb River Diamonds will conduct its business ethically and according to its values, encourage community initiatives, consider the environment and ensure a safe, equal and supportive workplace.

(d) Continuous Disclosure

In accordance with the ASX Listing Rules, Gibb River Diamonds will immediately notify the ASX of information concerning Gibb River Diamonds that a reasonable person would expect to have a material effect on the price or value of Gibb River Diamonds' securities.

The only exception to this requirement is where the ASX Listing Rules do not require such information to be disclosed.

Upon confirmation of receipt from the ASX, Gibb River Diamonds will post all information disclosed to ASX on its website.

CORPORATE GOVERNANCE (Continued)

(e) Selection of External Auditor

The Board identifies and recommends an appropriate external auditor for appointment, in conjunction with senior management and/or Gibb River Diamonds in general meeting. The appointment is made in writing.

The external auditor is required to rotate its audit partners so that no partner of the external auditor is in a position of responsibility in relation to Gibb River Diamonds' accounts for a year of more than five consecutive years. Further, once rotated off Gibb River Diamonds' accounts, no partner of the external auditor may assume any responsibility in relation to Gibb River Diamonds Limited's accounts for a year of five consecutive years.

The Company has appointed, with their consent, HLM Mann Judd as its auditors.

(f) Senior Executives Remuneration

Gibb River Diamonds is committed to remunerating its senior executives in a manner that is market competitive, consistent with best practice and supports the interests of shareholders. Consequently, senior executives' remuneration consists of a fixed salary, statutory superannuation and, subject to the terms of their engagement, mobile phone expenses.

All reasonable out of pocket expenses incurred by the senior executive in connection with the performance of duties on behalf of Gibb River Diamonds will be reimbursed.

In addition, the Company has established an employee share option plan ("ESOP") in order to provide an incentive for senior executives and other employees to participate in the future growth of the Company. The ESOP is administered in accordance with the ESOP rules which can be viewed, in full, on the Company's website.

(g) Non-executive Directors Remuneration

Non-executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. The sum each Non-Executive Director is paid is determined by the Board from time to time. Additional fees may be paid for participation on Board Committees however, the total fees paid to Non-Executive Directors, including fees paid for participation on Board Committees, are kept within the total amount approved by shareholders. At present the maximum aggregate remuneration of Non-Executive Directors is \$400,000 per annum.

(h) Selection and Appointment of New Directors

Candidates for the Board are considered and selected by reference to a number of factors which include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within Gibb River Diamonds' scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities. Directors are initially appointed by the full Board, subject to election by shareholders at the next general meeting.

(i) Risk Management

Risk recognition and management are viewed by Gibb River Diamonds as integral to the Company's objectives of creating and maintaining shareholder value, and the successful execution of the Company's mineral exploration and development.

There are a range of specific risks that have the potential to have an adverse impact on Gibb River Diamonds' business. The Company has developed a framework for a risk management policy and internal compliance and control system which covers organisational, financial and operational aspects of the Company's affairs.

Management reports to the Board annually in relation to the key business risks, the control system in place to manage such risks and how effective the risk management system is operating.

CORPORATE GOVERNANCE (Continued)

(j) Security Trading

Gibb River Diamonds recognises that directors, officers and employees may hold securities in Gibb River Diamonds and that most investors are encouraged by these holdings. It is the responsibility of the individual director, officer or employee to ensure that any trading by the director, officer or employee complies with the Corporations Act 2001, the ASX Listing Rules and Company Policy.

A breach of this policy may lead to disciplinary action. It may also be a breach of the law.

On 17 December 2010, the Company adopted a Securities Trading Policy which sets out procedures and protocols to be complied with if a director, officer or employee wishes to trade in the Company's securities. These procedures and protocols include the clear establishment of "blackout periods" where trading in the Company's securities by a director, officer or employee is prohibited as well as approvals required for trading in securities during non-blackout periods.

(k) Shareholder Communication Policy

The Board aims to ensure that shareholders are informed of all major developments affecting Gibb River Diamonds. All shareholders receive the Company's annual report, and may also request copies of the Company's half-yearly and quarterly reports. The Board also encourages full participation of shareholders at the Company's annual general meeting.

In addition, the Company maintains a website at www.gibbriverdiamonds.com which is regularly updated.

(l) Independent Professional Advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(m) Matters for Approval by the Board of Directors

The Board has adopted a list of matters required to be brought before the Board of Directors for approval. This provides an important means of dividing responsibility between the Board and management, assisting those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and the Senior Executives.

(n) Diversity Policy

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. As such, the Board has adopted a policy to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

(o) Explanations for Departure From Best Practice Recommendations

During the reporting year from the Company has complied with each of the Essential Corporate Governance principles and the corresponding Best Practice Recommendations as published by ASX Corporate Governance Council ("ASX Principles and Recommendations" 3rd Edition), other than in relation to the matters specified below.

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS

The Company has complied with each of the Eight Corporate Governance Principles and Recommendations as published by ASX Corporate Governance Council (3rd Edition), other than in relation to the matters specified below.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The listing entity should disclose:

- (a) *the respective roles and responsibilities of its board and management; and*
- (b) *those matters expressly reserved to the board and those delegated to management.*

The Company complies with this recommendation.

The Company has established clear details of the roles and responsibilities of each of its board management members.

Recommendation 1.2

A listed entity should:

- (a) *undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*
- (b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Company complies with this recommendation.

The Company has a policy for the evaluation of the Board and Senior Executives, details of which can be found on the Company's website.

The appointment of any director is subject to subsequent approval by shareholders at the next Annual General Meeting of the Company. Meeting materials for such meeting incorporates all relevant details to assist shareholders in deciding whether or not to elect or re-elect that director.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company complies with this recommendation.

Prior to the formal appointment of any director, a written agreement is entered into between the Company and the director setting out the terms and conditions of their appointment.

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company complies with this recommendation.

Recommendation 1.5

A listed entity should:

- (a) *have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- (b) *disclose that policy or a summary of it; and*
- (c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either;*
 - (i) *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
 - (ii) *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Act.*

The Company does not comply with this recommendation. The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time to

formally set objectives for gender diversity. The Company currently employs (including on a consulting basis) 5 staff (1 female and 4 males).

Recommendation 1.6

A listed entity should:

- (a) *have and disclose a process for periodically evaluation the performance of the board, its committees and individual directors; and*
- (b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Company complies with this recommendation.

On an annual basis the Company undertakes a review of the Board, its committees and individual directors which is confirmed in the Annual Report.

Recommendation 1.7

A listed entity should:

- (a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Company complies with this recommendation.

On an annual basis the Company undertakes a review of the senior executives which is confirmed in the Annual Report.

Principle 2: Structure the board to add value

Recommendation 2.1

The board of a listed entity should:

- (a) *have a nomination committee which:*
 - (i) *has at least three members, a majority of whom are independent directors; and*
 - (ii) *is chaired by an independent director; and disclose:*
 - (iii) *the charter of the committee;*
 - (iv) *the members of the committee; and*
 - (v) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Company does not comply with this recommendation. Given the Company's size, it is not considered necessary to have a separate Nomination Committee.

In addition to the above, the following information is provided:

- (a) the skills, experience and expertise of each of the Company's directors are set out in the Company's Annual Report;
- (b) the Board, in consultation with external advisers where required, undertakes this role; and
- (c) the Company provides for the proper assessment of prospective directors and include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within the Company's scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company complies with this recommendation.

The skills, experience and expertise of each of the Company's directors are set out in the Company's Annual Report.

Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

The Company complies with this recommendation.

Non-Executive Directors Grant Mooney and Mark Thompson are considered Independent Directors.

The length of service of each Director is set out in the Annual Report.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

The Company currently complies with this recommendation.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Company does not comply with this recommendation.

Given the size of the Company the Board considers it is prudent to combine the roles of Chairman and Executive to preserve funds.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors efficiently.

The Company complies with this recommendation.

The Company has established a process for induction of new directors and where possible, provides each director with opportunities for professional development such that they can improve their effectiveness as directors of the Company.

Principle 3: Act ethically and responsibly

Recommendation 3.1

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

The Company complies with this recommendation.

The Company has established a code of conduct for all directors, senior executives and employees which is summarised in the Company's Annual Report.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

The board of a listed entity should:

- (a) have an audit committee which:
 - (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, who is not the chair of the board,

and disclose:

- (b) the charter of the committee;
- (c) the relevant qualifications and experience of the members of the committee; and
- (d) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

- (e) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Company does not comply with this recommendation.

The Directors are of the view that given the size of the Company and the relatively small number of directors, it is not practical to have an Audit Committee. The Board undertakes this role.

The Board meets on a regular basis and discusses matters normally captured under the terms of reference of an audit committee, being Company risk, controls and general and specific financial matters, as detailed in Risk Management on the Company's website.

Recommendation 4.2

The board of the listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company complies with this recommendation. The Board receives assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration in relation to section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company also has a separate policy in relation to Risk Management which is available on the Company's website.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company complies with this recommendation.

The Company's auditor attends the annual general meeting of the Company and is available to answer any question in relation to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

A listed entity should:

- (a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
(b) *disclose that policy or a summary of it.*

The Company complies with this recommendation.

The Company has a Continuous Disclosure policy which is set out on the Company's website.

Principle 6: Respect the rights of security holders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Company complies with this recommendation.

A summary of the Company's Corporate Governance policies is set on the Company's website.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company complies with this recommendation.

The Company has established an investor relations program to ensure effective communications between the Company and shareholders and investors.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company complies with this recommendation.

The Company has a Shareholder Communication Policy which is set out on the Company website.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company complies with this recommendation.

The Company provides the option to shareholders to receive communications electronically, notification of this option is provided by the Company registry.

Principle 7: Recognise and manage risk

Recommendation 7.1

The board of a listed entity should:

(a) *have a committee or committees to oversee risk, each of which:*

(i) *has at least three members, a majority of whom are independent directors; and*

(ii) *is chaired by an independent director;*

And disclose:

(iii) *the charter of the committee;*

(iv) *the members of the committee; and*

(v) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

(b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Company does not comply with this recommendation.

The Directors are of a view that given the size of the Company, it is not necessary to have a separate committee to oversee risk and this function is undertaken directly by the Board and senior management at regular intervals. The Risk Management Policy is available on the Company's website.

Recommendation 7.2

The board or a committee of the board should:

(a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*

(b) *disclose, in relation to each reporting period, whether such a review has taken place.*

The Company complies with this recommendation.

As stated above, in the forum of board meetings the board regularly addresses certain risks that may affect the Company's business interests and confirmation of these risks being addressed are noted in the Corporate Governance Policies within the Annual Report.

Recommendation 7.3

A listed entity should disclose:

(a) *if it has an internal audit function, how the function is structured and what role it performs; or*

(b) *if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.*

The Company does not comply with this recommendation.

The Directors are of the view that given the size of the Company, it is not practical to have an internal audit function and that risk management is undertaken by the Board and senior management.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company does not comply with this recommendation.

The Directors are of the view that given the Company's size, risks are addressed directly by the Board and senior management and are not disclosed externally.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The board of a listed entity should:

- (a) *have a remuneration committee which:*
 - (i) *has at least three members, a majority of whom are independent directors; and*
 - (ii) *is chaired by an independent director;*

and disclose:

 - (iii) *the charter of the committee;*
 - (iv) *the members of the committee; and*
 - (v) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Company does not comply with this recommendation.

The Company does not presently have a remuneration committee.

The Directors are of the view that given the size of the Company, the relatively small number of directors it is not practical to have a remuneration committee. The Board undertakes this role with the assistance of any external advice which may be required from time to time.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company complies with this recommendation.

The Company has separate policies relating to the remuneration of non-executive directors as opposed to senior executives.

These policies provide a basis for distinguishing the type of remuneration which is suitable for the two classes.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

- (a) *have a policy on whether participants are permitted to enter into transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) *disclose that policy or a summary of it.*

The Company complies with this recommendation.

The Company has a Securities Trading Policy which, among other things, sets out the Company's policy on trading the Company's securities. A copy of this policy is on the Company's website.