

**JINDALEE RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

A.B.N. 52 064 121 133

**FINANCIAL REPORT  
30 JUNE 2019**

## CORPORATE DIRECTORY

---

### Board and Management

Justin Mannolini	Non-Executive Chairman
Pip Darvall	Managing Director
Lindsay Dudfield	Executive Director
Patricia (Trish) Farr	Executive Director/Company Secretary
Greg Ledger	Company Secretary

### Registered Office & Principal Place of Business

Level 2  
9 Havelock Street  
West Perth, WA 6005  
Telephone: +61 (8) 9321 7550  
Facsimile: +61 (8) 9321 7950  
Email: enquiry@jindalee.net  
Web: www.jindalee.net

### Auditors

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco, WA 6008

### Legal Advisors

House Legal  
86 First Avenue  
Mount Lawley, WA 6050

### Share Registry

Advanced Share Registry  
110 Stirling Highway  
Nedlands, WA 6000  
Telephone: +61 (8) 9389 8033  
Facsimile: +61 (8) 9262 3723

### Securities Exchange Listing

The Company is listed on the Australian Securities Exchange Ltd ("ASX")  
Home Exchange: Perth, Western Australia

ASX Code: **JRL**

## CONTENTS

---

<b>DIRECTORS' REPORT .....</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>14</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....</b>	<b>15</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS .....</b>	<b>16</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....</b>	<b>17</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>18</b>
<b>DIRECTORS' DECLARATION.....</b>	<b>40</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION .....</b>	<b>41</b>
<b>INDEPENDENT AUDITOR'S REPORT.....</b>	<b>42</b>

**DIRECTORS' REPORT**

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Jindalee Resources Limited and the entities it controlled at the end of, or during the year ended 30 June 2019.

**Directors**

The following persons were directors of Jindalee Resources Limited during the whole of the financial year and up to the date of this report unless noted otherwise:

Lindsay Dudfield  
Justin Mannolini  
Patricia Farr  
Pip Darvall

**Principal activities**

The principal activity during the year of Jindalee Resources Limited was mineral exploration. During the year there was no change in the nature of this activity.

**Financial results**

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2019 was \$1,019,707 (2018: loss \$1,395,292).

**Dividends**

No dividends have been declared since the end of the previous financial year and no dividends have been recommended by the Directors.

**Significant changes in the state of affairs**

During the year there has been no significant change in the state of affairs of the Group.

**Operations and financial review**

The principal activity of the Group is mineral exploration. The Group holds interests in tenements in the United States, Tasmania and Western Australia prospective for lithium, magnesite, gold, diamonds, nickel and iron ore, with most of these tenements wholly owned. The Group also has indirect interests in uranium, gold and base metals through various investee companies.

In line with the Company's business strategy, during the year management evaluated numerous advanced projects in both Australia and overseas, with a view to securing an opportunity capable of growing the Group and creating wealth for Shareholders.

The net assets of the Group have fallen by \$847,467 from \$5,427,675 at 30 June 2018 to \$4,580,207 at 30 June 2019, principally due to the Group's loss for the year of \$1,019,707 offset by the movement in share capital and share-based payment reserve of \$172,239.

The Directors believe the Group is in a sound financial position to continue its exploration endeavours.

**Events since the end of the financial year**

As announced to ASX on 10 July 2019, the Company announced a 1 for 10 non-renounceable pro rata entitlement offer at \$0.30 per share to raise approximately \$1.05M (before costs of the offer). The funds raised are to be used to advance the Company's McDermitt Lithium Project (US), Widgiemooltha Gold-Nickel Project (WA) and for general working capital.

As announced to ASX on 26 July 2019, the Group has entered into a Binding Preliminary Sales and Purchase Agreement ("Agreement") with SilverStream SEZC whereby SilverStream will purchase the Groups royalties over projects in the Eastern Goldfields of Western Australia, including West Kundana, Kookynie, Kelly Well, New Bore and Millrose. The Agreement will serve as the basis for a Definitive Sales and Purchase Agreement ("DPA") to be executed by the parties, with the DPA conditional on third-party consents being obtained by Jindalee and completion of further documentation. Consideration for the sale will comprise \$250,000 in cash and a \$250,000 convertible note with a 12 month expiry.

Other than the matters outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years.

**Likely developments and expected results of operations**

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years not already disclosed in this report.

**Environmental regulation**

The Group is subject to significant environmental regulation in respect of its exploration activities. Tenements in Western Australia are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines and Petroleum.

Jindalee's claims in the United States of America are all located on Federally owned land managed by the Bureau of Land Management. There are a range of requirements that must be met when undertaking exploration activities, including seeking approval depending on the nature of the activities and undertaking rehabilitation once activities are complete. Bonds are payable prior to the commencement of exploration activities and are returned on satisfactory completion of rehabilitation. Jindalee Resources Limited conducts its exploration activities in an environmentally sensitive manner and the Group is not aware of any breach of statutory conditions or obligations.

**Greenhouse gas and energy data reporting requirements**

The Directors have considered compliance with both the Energy Efficiency Opportunity Act 2006 and the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2019, however reporting requirements may change in the future.

## Information on Directors

<b>J Mannolini B.Com/LL (Hons), LLB (Law), GAICD. Non-Executive Chairman</b>		
Experience and expertise	Mr Mannolini was appointed to the Jindalee Board as a Non-Executive Director in September 2013 and as Chairman in July 2016. Mr Mannolini is a partner in the Corporate Advisory Group of Australian law firm Gilbert + Tobin. He was an Executive Director with Macquarie Capital, the investment banking division of the Macquarie Group from March 2013 to May 2016 and was responsible for cross-industry coverage of the Western Australian market. Prior to joining Macquarie, Mr Mannolini was Managing Director and head of Gresham Advisory Partners' Perth office, and before that, a partner in the mergers and acquisitions group of Australian law firm Freehills. In May 2016 Mr Mannolini was appointed to the board of the Northern Australia Infrastructure Facility, a \$5B fund set up by the Australian Government to encourage population growth and economic development in northern Australia. As a lawyer and investment banker, Mr Mannolini has more than 20 years experience in corporate finance ranging across industry sectors and product lines, including mergers and acquisitions transactions and general strategic advisory mandates for companies in the resources sector.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Chairman	
Interests in shares and options	Ordinary Shares – Jindalee Resources Limited Unlisted \$0.40 Options expiring 30/06/2022	250,000 500,000 (vested 22/11/2017)

<b>P Darvall M.Sc.(Geology), MBA, GAICD Managing Director</b>		
Experience and expertise	Mr Darvall is a geologist with exploration experience across a range of commodities, in Australia, PNG and the USA. From 2010 to 2014 he was Exploration Manager for Atlas Iron overseeing a rapid growth in Atlas' resource base, before starting his own consultancy company specialising in resource project evaluation and management. Mr Darvall has a MSc (Geology) from Monash University, an MBA from Curtin University and is a graduate of the AICD Company Directors Course. Mr Darvall is also a member of the AusIMM, AIG and SEG.  Mr Darvall was appointed Managing Director on 28/05/2018.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary Shares – Jindalee Resources Limited Unlisted \$0.40 Options expiring 30/06/2022 Unlisted \$0.50 Options expiring 30/06/2022 Unlisted \$0.60 Options expiring 30/06/2022	54,500 1,500,000 (vested 30/06/2018) 1,500,000 (vested 30/06/2019) 1,500,000 (vesting 30/06/2020)

<b>L Dudfield B.Sc. Executive Director</b>		
Experience and expertise	Mr Dudfield is a qualified geologist with over 40 years experience exploring for gold and base metals in Australia and abroad, including close involvement with a number of greenfields discoveries. Mr Dudfield is a member of the AusIMM, SEG, AIG and GSA. He is a founding director of Jindalee Resources Limited and has been a Director for 16 years.	
Other current directorships	Energy Metals Limited - Non-Executive Director Alchemy Resources Limited – Non-Executive Chairman	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares – Jindalee Resources Limited Unlisted \$0.40 Options expiring 30/06/2022	12,480,844 1,000,000 (vested 22/11/2017)

<b>P Farr GradCertProfAcc. GradDipACG. GAICD FGIA/FCIS Executive Director/Joint Company Secretary</b>		
Experience and expertise	Ms Farr is an experienced Chartered Secretary with over 20 years experience in the exploration and mining industry in the areas of corporate governance, compliance and administration. Ms Farr provides Company secretarial services to several ASX listed companies including Musgrave Minerals Limited and prior to that Energy Metals Limited and Fox Resources Limited. Mrs Farr is a graduate member of the Australia Institute of Company Directors, fellow member of Governance Institute of Australia (formerly Chartered Secretaries Australia) and the Institute of Chartered Secretaries and Administrators. Mrs Farr was appointed to the Jindalee Board in 2008.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares – Jindalee Resources Limited Unlisted \$0.40 Options expiring 30/06/2022	406,533 500,000 (vested 22/11/2017)

### Company Secretary Information

Mr Greg Ledger was appointed Company Secretary on 4 April 2002 and has held that position, as well as other accounting and managerial roles since that date. Mr Ledger is a Chartered Accountant and holds a Bachelor of Commerce Degree from the University of Western Australia.

Ms Farr was appointed joint Company Secretary on 1 July 2010. She is an experienced Chartered Secretary having provided Company Secretarial services to several ASX listed companies and unlisted companies, the majority of which operate in the mineral resources sector in Australia. Ms Farr is a graduate member of the Australian Institute of Company Directors and fellow member of Governance Institute of Australia (formerly Chartered Secretaries Australia).

### Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2019 the numbers of meetings attended by each Director.

Name	Board of Directors	
	Meetings Held	Meetings Attended
J Mannolini	9	9
P Darvall	9	9
L Dudfield	9	9
P Farr	9	9

As at the date of this report, the Group did not have an Audit Committee of the Board of Directors. The Board considers that due to the Group's size, an Audit Committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Group's mechanisms designed to ensure independent judgement in decision making.

### Retirement, election and continuation in office of directors

Mr Justin Mannolini is a director retiring by rotation who, being eligible, may offer himself for re-election at the Company's 2019 Annual General Meeting.

**AUDITED REMUNERATION REPORT**

The Directors are pleased to present Jindalee Resources Limited 2019 remuneration report which sets out remuneration information for the Company's non-executive directors, executive directors and other key management personnel.

The report contains the following sections:

- (a) Key management personnel disclosed in this report
- (b) Remuneration governance and the use of remuneration consultants
- (c) Executive remuneration policy and framework
- (d) Relationship between remuneration and the Group's performance
- (e) Non-executive director remuneration policy
- (f) Voting and comments made at the Company's 2018 Annual General Meeting
- (g) Details of remuneration
- (h) Service agreements
- (i) Details of share-based compensation and bonuses
- (j) Equity instruments held by key management personnel
- (k) Loans to key management personnel
- (l) Other transactions with key management personnel

**(a) Key management personnel disclosed in this report**

J Mannolini	Non-Executive Chairman
P Darvall	Managing Director
L Dudfield	Executive Director
P Farr	Executive Director/Company Secretary

For further details on each director see pages 5-6.

**(b) Remuneration governance and use of remuneration consultants**

The Company has a Remuneration Policy however has not established a separate Remuneration Committee. Due to the early stage of development and small size of the Company a separate Remuneration Committee was not considered to add any efficiency to the process of determining the levels of remuneration for directors and key executives. The Board considers that it is more appropriate to set aside time at a Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee such as reviewing remuneration, recruitment, retention and termination procedures and evaluating senior executives remuneration packages and incentives. A copy of the Remuneration Policy can be found on the Company's website [www.jindalee.net](http://www.jindalee.net)

In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the year ended 30 June 2019.

The Corporate Governance Statement provides further information on the Company's remuneration governance. Further details on the Corporate Governance Statement can be found on the Company's website [www.jindalee.net](http://www.jindalee.net)

**(c) Executive remuneration policy and framework**

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent
- Aligned to the Company's strategic and business objectives and the creation of shareholder value
- Transparent and easily understood, and
- Acceptable to shareholders.

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. Options issued to directors are subject to approval by Shareholders. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

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

**(d) Relationship between remuneration and the Group's performance**

The policy setting the terms and conditions for the executive directors, was developed and approved by the Board and is considered appropriate for the current exploration phase of the Groups development. Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of directors. Fees paid to directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Company is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders). The Board has not set short term performance indicators, such as movements in the Company's share price, for the determination of director emoluments as the Board believes this may encourage performance which is not in the long-term interests of the Company and its shareholders. The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term. The Board believes participation in the Company's Employee Share Option Plan motivates key management and executives with the long-term interests of shareholders.

The following table shows the share price and the market capitalisation of the Group at the end of each of the last five financial years.

	2015	2016	2017	2018	2019
Share Price	\$0.17	\$0.23	\$0.21	\$0.28	\$0.39
Market Capitalisation	\$5.91M	\$8.03M	\$7.33M	\$9.77M	\$13.65M
Dividends (cents per share)	-	-	-	-	-

**(e) Non-executive director remuneration policy**

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms including remuneration, relevant to the office of director.

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at \$200,000 per annum.

Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

**(f) Voting and comments made at the Company's 2018 Annual General Meeting**

Jindalee received 99% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

**(g) Details of remuneration**

The following table sets out details of the remuneration received by the Group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Short-term benefits		Post-employment benefits	Long Service Leave	Share-based payment		Total	Remuneration consisting of options
		Directors Fees	Cash Salary, Consulting Fees	Super-annuation		Options	Shares		Percentage
<b>Non-Executive Director/Chairman</b>		\$	\$	\$	\$	\$	\$	\$	%
J Mannolini	2018	50,000	-	4,750	-	52,982	-	107,732	49%
	2019	40,000	-	3,800	-	-	-	43,800	-
<b>Executive Directors</b>									
P Darvall	2018	-	161,846	15,375	-	260,034	-	437,255	59%
	2019	-	240,000	22,800	-	126,458	-	389,258	32%
L Dudfield	2018	-	125,625	-	-	105,965	-	231,590	46%
	2019	-	89,100	-	-	-	-	89,100	-
P Farr	2018	-	96,000	9,120	-	52,982	-	158,182	33%
	2019	-	106,000	10,070	7,305	-	-	123,375	-

**(h) Service Agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods.

J Mannolini

Mr Mannolini was appointed a Non-Executive Director on 30 September 2013 and appointed Chairman on 1 July 2016.

Mr Mannolini's is paid directors fees of \$40,000 per annum plus statutory superannuation in accordance with his letter of appointment. Mr Mannolini's appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the Constitution of the Company and the Corporations Act. Mr Mannolini is not entitled to any termination benefits.

P Darvall

Mr Darvall was appointed Managing Director on 28 May 2018. Mr Darvall is paid an annual salary of \$240,000 per annum plus statutory superannuation pursuant to an Executive Services Agreement. Mr Darvall's service agreement may be terminated by either party on the giving of three months notice. Upon termination of the contract for any reason, the Company will pay leave entitlements due to Mr Darvall.

L Dudfield

Mr Dudfield was appointed a director on 22 January 1996. Mr Dudfield is remunerated pursuant to the terms and conditions of a consultancy agreement entered into with Mr Dudfield and Jopan Management Pty Ltd trading as Western Geological Services. During the financial year ended 30 June 2019, Mr Dudfield was paid consulting fees of \$89,100. Unless extended for a further period, the current consultancy agreement will expire in June 2021. The agreement may be terminated by either party on the giving of 90 days notice or earlier in the event of a default not remedied within 14 days. Mr Dudfield is not entitled to any termination benefits.

P Farr

Ms Farr was appointed as a director on 29 August 2008. Ms Farr is paid a salary plus statutory superannuation pursuant to the terms and conditions of an ongoing employment contract. Due to reduced hours during the financial year Ms Farr was paid a salary of \$106,000 and statutory superannuation of \$10,070 for the year ended 30 June 2019. Ms Farr's employment contract may be terminated by either party on the giving of one month's notice. Upon termination of the contract for any reason the Company will pay leave entitlements due to Ms Farr.

**(i) Details of share-based compensation and bonuses**

Options over shares in Jindalee Resources Limited are granted under the Company's Employee Share Option Plan. Participation in the plan and any vesting criteria, is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Any options issued to directors of the Company are subject to shareholder approval.

Details of options over ordinary shares in the Company provided as remuneration to each director of the Company are set out below.

No options were issued as remuneration to any director for the year ended 30 June 2019.

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes option valuation methodology. The life of the options and early exercise option are built into the option model.

No bonuses were paid during the year and there is currently no bonus scheme in place.

Further information on the fair value of share options and assumptions is set out in Note 18 to the financial statements.

**(j) Equity instruments held by key management personnel**

The following tables detail the number of fully paid ordinary shares and options over ordinary shares in the Company that were held during the financial year and the previous financial year by key management personnel and their associated related parties.

2019 Name	Balance at the start of the year	Options/ Shares granted as compensation	Received during the year on the exercise of options	Number of options vested during year	Number of options forfeited during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Unvested
J Mannolini									
Ordinary fully paid shares	250,000	-	-	-	-	-	250,000	-	-
Unlisted Options	500,000	-	-	-	-	-	500,000	500,000	-
P Darvall									
Ordinary fully paid shares	-	-	-	-	-	54,500*	54,500	-	-
Unlisted Options	4,500,000	-	-	1,500,000	-	-	4,500,000	3,000,000	1,500,000
L Dudfield									
Ordinary fully paid shares	12,280,844	-	-	-	-	200,000*	12,480,844	-	-
Unlisted Options	1,000,000	-	-	-	-	-	1,000,000	1,000,000	-
P Farr									
Ordinary fully paid shares	406,533	-	-	-	-	-	406,533	-	-
Unlisted Options	500,000	-	-	-	-	-	500,000	500,000	-

\* Changes during the year relate to on-market purchases.

#### Securities Policy

The Company has implemented a policy on trading in the Company's securities designed to ensure that all directors, senior management and employees of the Company act ethically and do not use confidential inside information for personal gain. The policy states acceptable and unacceptable times for trading in Company securities and outlines the responsibility of directors, senior management and employees to ensure that trading complies with the *Corporations Act 2001*, the Australian Securities Exchange (ASX) Listing Rules and Company Policy. A copy of this policy was lodged with the ASX and is available on the Company's website.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

#### Shares provided on exercise of options

During the year, no ordinary shares in the Company were provided as a result of the exercise of remuneration options.

For details on the valuation of the options, including models and assumptions used, please refer to Note 18. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. No options were granted as remuneration during the year ended 30 June 2019.

**(k) Loans to key management personnel**

There were no loans to individuals or members of key management personal during the financial year or the previous financial year.

**(l) Other transactions with key management personnel**

During the year the Group paid a total of \$89,100 to Western Geological Services (a division of Jopan Management Pty Ltd), the fees being for the provision of technical and management services provided to the Group by Mr Lindsay Dudfield. Mr Dudfield's spouse is the major shareholder of and the sole director and company secretary of Jopan Management Pty Ltd.

**End of Audited Remuneration Report****Shares under option**

Unissued ordinary shares of the Company under option at the date of this report are as follows:

<u>Grant Date</u>	<u>Number</u>	<u>Date vested &amp; exercisable</u>	<u>Expiry Date</u>	<u>Exercise Price</u>
22/08/2017	400,000	22/08/2017	30/06/2022	\$0.40
22/11/2017	2,000,000	22/11/2017	30/06/2022	\$0.40
22/11/2017	1,500,000	30/06/2018	30/06/2022	\$0.40
22/11/2017	1,500,000	30/06/2019	30/06/2022	\$0.50
22/11/2017	1,500,000	30/06/2020	30/06/2022	\$0.60
16/01/2019	200,000	16/01/2019	30/06/2022	\$0.50

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

**Shares Issued on Exercise of Options**

There were no shares issued on exercise of options during the year and up to the date of this report.

**Directors and Officers insurance**

Jindalee Resources Limited paid a premium during the year in respect of directors' and officers' liability insurance policy, insuring the directors and officers of the company against a liability incurred whilst acting in the capacity of a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the policy as such disclosure is prohibited under the terms of the contract of insurance.

**Corporate Governance Statement**

The Company's 2019 Corporate Governance Statement has been released as a separate document and is located on the Company's website at <http://jindalee.net/corporate-governance/>.

**Proceedings on behalf of the Company**

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

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

**Non-audit services**

The Company from time to time may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor as set out below did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- the non-audit services have been reviewed by the Board to ensure they do no impact on the impartiality and objectivity of the auditor; and
- none the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year ended 30 June 2019 and in the previous financial year there were no fees paid or payable for non-audit services provided by the auditor of Jindalee Resources Limited.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required by section 307C of the *Corporations Act 2001* is included on page 42.

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



**P DARVALL**  
Managing Director

Perth  
19 August 2019

**JINDALEE RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
		<u>          </u>	<u>          </u>
Revenue from continuing operations	4	32,470	65,874
Other income	4	386,766	198,924
Employee benefits expense		(217,965)	(259,500)
Share-based payments	18	(172,239)	(498,039)
Depreciation expense	12	(6,568)	(18,057)
Exploration expenditure		(189,186)	(315,498)
Impairment of exploration assets	13	2,966	(21,490)
Fair value movement on financial assets	11a	(564,676)	-
Impairment of available for sale assets		-	(258,125)
Tenancy and operating expenses		(95,941)	(104,008)
Gain on foreign exchange		13,837	-
Other administration expenses		(147,112)	(132,256)
Corporate and regulatory expenses		(62,059)	(53,117)
		<u>          </u>	<u>          </u>
<b>Loss before income tax</b>		(1,019,707)	(1,395,292)
Income tax benefit	5	-	-
		<u>          </u>	<u>          </u>
<b>Loss after income tax</b>		(1,019,707)	(1,395,292)
		<u>          </u>	<u>          </u>
Loss attributable to owners of Jindalee Resources Limited		(1,019,707)	(1,395,292)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Revaluation of investments taken to equity		-	807,301
		<u>          </u>	<u>          </u>
<b>Other comprehensive income for the year</b>		-	807,301
		<u>          </u>	<u>          </u>
<b>Total comprehensive loss for the year attributable to the ordinary equity holders of the Company</b>		(1,019,707)	(587,991)
		<u>          </u>	<u>          </u>
<b>Loss per share attributable to the ordinary equity holders of the Company</b>			
Basic loss per share (cents per share)	7	(2.92)	(4.00)
Diluted loss per share (cents per share)	7	(2.92)	(4.00)

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

**JINDALEE RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	908,486	2,312,083
Trade and other receivables	10	18,867	16,159
<b>Total Current Assets</b>		<b>927,353</b>	<b>2,328,242</b>
<b>NON-CURRENT ASSETS</b>			
Available for sale financial assets	11b	-	2,601,522
Other receivables	10	60,216	58,418
Property, plant and equipment	12	21,856	28,424
Exploration and evaluation expenditure	13	1,381,602	545,961
Financial assets at fair value through profit or loss	11a	2,228,085	-
<b>Total Non-Current Assets</b>		<b>3,691,759</b>	<b>3,234,325</b>
<b>TOTAL ASSETS</b>		<b>4,619,112</b>	<b>5,562,567</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	14,495	60,663
Dividend payable	8	-	66,610
Provision for annual leave		17,105	7,619
<b>Total Current Liabilities</b>		<b>31,600</b>	<b>134,892</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for long service leave		7,305	-
<b>Total Non-Current Liabilities</b>		<b>7,305</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>38,905</b>	<b>134,892</b>
<b>NET ASSETS</b>		<b>4,580,207</b>	<b>5,427,675</b>
<b>EQUITY</b>			
Contributed equity	15	7,255,254	7,227,254
Accumulated losses	16	(5,287,099)	(5,204,784)
Reserves	17	2,612,052	3,405,205
<b>TOTAL EQUITY</b>		<b>4,580,207</b>	<b>5,427,675</b>

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

**JINDALEE RESOURCES LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Payments in the course of operations		(660,431)	(832,850)
Interest received		43,825	73,222
<b>Net cash outflow from operating activities</b>	6	<u>(616,606)</u>	<u>(759,628)</u>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation		(847,342)	(457,719)
Payments for property, plant and equipment		-	(10,182)
(Payment)/refund of bonds		(1,800)	79,996
Proceeds from sale of tenements		40,000	200,000
Proceeds/(payments) for sale/purchase of financial assets at fair value through profit or loss		88,761	(16,507)
<b>Net cash outflow from investing activities</b>		<u>(720,381)</u>	<u>(204,412)</u>
<b>Cash flows from financing activities</b>			
Payment of dividend		(66,610)	(6,875)
<b>Net cash outflow from financing activities</b>		<u>(66,610)</u>	<u>(6,875)</u>
<b>Net decrease in cash and cash equivalents</b>		(1,403,597)	(970,915)
<b>Cash and cash equivalents at the beginning of the financial year</b>		2,312,083	3,282,998
<b>Cash and cash equivalents at the end of the financial year</b>	9	<u>908,486</u>	<u>2,312,083</u>

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

**JINDALEE RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

<b>Consolidated</b>	<b>Contributed equity</b>	<b>Share- based payment reserve</b>	<b>Available for sale investments revaluation reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>7,227,254</b>	<b>1,969,774</b>	<b>130,091</b>	<b>(3,809,492)</b>	<b>5,517,627</b>
Total comprehensive loss for the year:					
Loss for the year	-	-	-	(1,395,292)	(1,395,292)
<i>Other comprehensive income</i>					
Revaluation of investments	-	-	807,301	-	807,301
Total comprehensive loss for the year	-	-	807,301	(1,395,292)	(587,991)
Transactions with owners in their capacity as owners					
Share-based payments	-	498,039	-	-	498,039
<b>Balance at 30 June 2018 as originally stated</b>	<b>7,227,254</b>	<b>2,467,813</b>	<b>937,392</b>	<b>(5,204,784)</b>	<b>5,427,675</b>
Change in accounting policy	-	-	(937,392)	937,392	-
<b>Restated balance at 1 July 2018</b>	<b>7,227,254</b>	<b>2,467,813</b>	<b>-</b>	<b>(4,267,392)</b>	<b>5,427,675</b>
Total comprehensive loss for the year:					
Loss for the year	-	-	-	(1,019,707)	(1,019,707)
Total comprehensive loss for the year	-	-	-	(1,019,707)	(1,019,707)
Transactions with owners in their capacity as owners					
Share-based payments	28,000	144,239	-	-	172,239
<b>Balance at 30 June 2019</b>	<b>7,255,254</b>	<b>2,612,052</b>	<b>-</b>	<b>(5,287,099)</b>	<b>4,580,207</b>

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

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

---

**1. CORPORATION INFORMATION**

These financial statements of Jindalee Resources Limited for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of directors on 19 August 2019.

The financial statements cover the Group of Jindalee Resources Limited and its controlled entities. Jindalee Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in Note 3.

Unless otherwise stated, policies adopted in the preparation of the financial statements are consistent with those of the previous year.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

In order to assist in the understanding of the financial statements, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

(a) **Statement of Compliance**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

**Compliance with IFRS**

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

**Impact of adoption of AASB 9 Financial Instruments**

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in changes in the Group's related accounting policy and a reclassification of amounts recognised in the financial statements.

The Group elected to treat financial assets as fair value through profit and loss ("FVPL"). Changes in the fair value of assets at FVPL are recognized in fair value movement of financial assets in the statement of profit or loss. This is an irrevocable election effective from 1 July 2018. Gains/(Losses) on disposal will be determined by comparing the proceeds with the carrying value and will be recognized in profit and loss.

The related fair value gains of \$937,392 were transferred from the available for sale revaluation reserve to accumulated losses at 1 July 2018.

AASB 9 has been adopted without restating comparative information. The reclassifications are therefore recognised in the opening Statement of Financial Position on 1 July 2018. The reclassifications are noted below:

<b>Statement of Financial Position</b>	<b>30 June 2018</b>	<b>AASB 9</b>	<b>1 July 2018 Restated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Available for sale investments revaluation reserve	937,392	(937,392)	-
Accumulated losses	(5,204,784)	937,392	(4,267,392)

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

**New Accounting Standards**

New or revised requirement	Application date of standard	Application date for Group
<p>AASB 16: <i>Leases</i></p> <p>This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.</p> <p>The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is expected to not have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.</p>	1 Jan 2019	1 Jul 2019

(c) Basis of Preparation/Accounting

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

In applying International Financial Reporting Standards ("IFRS"), management is required to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. These accounting policies have been consistently applied throughout the period, except for the adoption of AASB 1 and AASB 15.

The significant accounting policies set out below have been applied in the preparation and presentation of the financial statements for the year ended 30 June 2019 and the comparative information.

(d) Principles of Consolidation

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

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

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

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

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

---

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

Investments in subsidiaries are accounted for at cost in the parent entity information disclosures of Jindalee Resources Limited.

*Changes in ownership interests*

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

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

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

(e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, and term deposits repayable on demand with a financial institution. The cash and cash equivalents balance primarily consists of funds on term deposit with original maturity at time of purchase of three months or less that are readily convertible to known amounts of cash and which are subject to minimal risk of changes in value.

(f) Trade and Other Receivables

Trade receivables are recognised initially at fair value, less any allowance for expected credit losses. See note 10 for further information about the group's accounting for trade receivables.

(g) Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax.

Revenue in relation to joint venture agreements is recognised over the period the services are rendered.

(h) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all property, plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

---

(i) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Exploration and Evaluation Expenditure

The Group's policy with regards to exploration and evaluation expenditure, including the costs of acquiring licences and permits, are capitalised as exploration and evaluation assets on an area of interest basis. Under this method exploration and evaluation expenditure is carried forward on the following basis:

- i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs.
- ii) Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
  - such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
  - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

(k) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(l) Employee Entitlements

The Group's liability for employee entitlements arising from services rendered by employees to reporting date are recognised in current liabilities. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

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

---

(m) Share Based Payment Transactions

*Share based payments*

Under AASB 2 *Share Based Payments*, the Group must recognise the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. For options the fair value is determined using a Black-Scholes model.

(n) Loss Per Share

(i) Basic Loss Per Share

Basic loss per share is determined by dividing the operating loss attributable to the equity holder of the Group after income tax by the weighted average number of ordinary shares outstanding during the financial period.

(ii) Diluted Loss Per Share

Diluted loss per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the period.

(o) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

---

Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

*Goods & Services Tax*

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) *Critical Accounting Estimates and Judgements*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

*Accounting for capitalised exploration and evaluation expenditure*

The Group's accounting policy is stated at Note 2(j). There is some subjectivity involved in the carrying forward as capitalised or writing off to the statement of profit or loss and other comprehensive income exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure fairly reflect the prevailing situation.

*Share-based payments*

The Group measures share-based payments at fair value at the grant date. The fair value is determined using a Black-Scholes model or other valuation technique appropriate for the instrument being valued.

*Deferred tax balances*

Deferred tax assets in respect of tax losses are not recognised in the financial statements as management considers that it is currently not probable that future taxable profits will be available to utilise those tax losses. Management reviews on a regular basis the future profitability of the Group to consider if tax losses should be recognised and to ensure that any tax losses recognised will be utilised.

(r) *Investment and other financial assets*

*Financial Instruments*

The Group has exposure to interest rate risk which is the risk that the Group's financial position will be adversely affected by movements in interest rates. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The Group has no monetary foreign currency assets or liabilities.

*Loans and receivables*

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

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

---

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss (“FVTPL”) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

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.

*Available-for-sale financial assets*

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

*Recognition and derecognition*

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

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

*Subsequent measurement*

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

Available-for-sale financial assets are subsequently carried at fair value. Gains on available-for-sale financial assets are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined is disclosed in Notes 19 and 22.

(s) Provisions

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Leases

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

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

**3. SEGMENT INFORMATION**

Management has determined that the Group has two reportable segments, being mineral exploration in Australia and the United States. As the Group is focused on mineral exploration, the Board periodically monitors the Group based on actual versus budgeted exploration expenditure incurred in each of these geographical locations. This internal reporting framework is most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration programmes and activities, while also taking into consideration the results of exploration work that has been performed to date.

	Mineral exploration		Total
	Australia	USA	
	\$	\$	\$
<b>Year ended 30 June 2019</b>			
<i>Reconciliation of segment revenue to Group revenue</i>			
Revenue from external sources	-	-	-
Unallocated revenue			32,470
Total revenue			<u>32,470</u>
<i>Reconciliation of segment result to Group loss</i>			
Segment result	(613,744)	(14,133)	(627,877)
Unallocated			
- Interest revenue			32,470
- Corporate expenses and other costs, net of other income			(424,300)
Loss before tax			<u>(1,019,707)</u>
<b>As at 30 June 2019</b>			
<i>Reconciliation of segment assets to Group assets</i>			
Segment assets	4,604,980	567,614	5,172,594
Intersegment eliminations			(553,482)
Total assets			<u>4,619,112</u>
<i>Reconciliation of segment liabilities to Group liabilities</i>			
Segment liabilities	(38,905)	(553,482)	(592,387)
Intersegment eliminations			553,482
Total liabilities			<u>(38,905)</u>

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

**3. SEGMENT INFORMATION (continued)**

	<b>Mineral exploration \$</b>	<b>Total \$</b>
<b>Year ended 30 June 2018</b>		
<i>Reconciliation of segment revenue to Group revenue</i>		
Revenue from external sources	-	-
Unallocated revenue		65,874
Total revenue		<u>65,874</u>
 <i>Reconciliation of segment result to Group loss</i>		
Segment result	(655,509)	(655,509)
Unallocated		
- Interest revenue		65,874
- Corporate expenses and other costs, net of other income		(805,657)
Loss before tax		<u>(1,395,292)</u>
 <b>As at 30 June 2018</b>		
<i>Reconciliation of segment assets to Group assets</i>		
Segment assets	5,562,567	5,562,567
Intersegment eliminations		-
Total assets		<u>5,562,567</u>
 <i>Reconciliation of segment liabilities to Group liabilities</i>		
Segment liabilities	(134,892)	(134,892)
Intersegment eliminations		-
Total liabilities		<u>(134,892)</u>

**4. REVENUE AND OTHER INCOME**

	<b>2019 \$</b>	<b>2018 \$</b>
<b>Revenue from continuing operations</b>		
Interest	32,470	65,874
 <b>Other income</b>		
Gain on sale of tenements*	370,402	175,025
Other	16,364	23,899
	<u>386,766</u>	<u>198,924</u>

\*Refers to: sale of New Bore and Kelly Well tenements to Dacian Gold Ltd; sale of 80% of non-gold rights and payment of Option on Camel Bore and North Sinclair tenements by Aldoro Resources Ltd; sale of Butler tenements to Australian Manganese and non-refundable option payment received for Millrose project.

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

**5. TAXATION**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
(a) Income tax expense/(benefit)		
Current tax	-	-
Deferred tax	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Deferred income tax expense included in income tax expense/(benefit) comprises:		
(Decrease)/increase in deferred tax liability	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Opening balance - deferred tax (asset)/ liability	-	-
Movement for period	-	-
Closing Balance – deferred tax (asset)/ liability	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax:	<u>(1,019,707)</u>	<u>(1,395,292)</u>
Tax at the Australian tax rate of 30% (2018: 27.5%)	<u>(305,912)</u>	<u>(383,705)</u>
	<hr/>	<hr/>
Tax effect of amounts which are not deductible in calculating taxable income:		
Foreign income not assessable	(4,240)	-
Non-deductible (income)/expenses	(1,972)	(3,483)
Gains recognised in equity	-	222,007
Share-based payments	51,672	136,961
Over provision in prior year	-	13,019
Tax losses not recognised	<u>260,452</u>	<u>15,201</u>
Total income tax benefit	<hr/>	<hr/>
	-	-

The franking account balance at year end was \$nil (2018: \$nil).

Jindalee Resources Limited and its wholly owned subsidiaries have not implemented the tax consolidation legislation.

Jindalee Resources Limited has unrecognised deferred tax assets at year-end of \$1,214,460 (2018: \$874,507) representing unrecognised tax losses.

Jindalee Resources Limited is no longer considered a base rate entity for income tax purposes and is therefore subject to income tax at a rate of 30% (2018: 27.5%). As a result, the deferred tax assets of the Company have been adjusted in the 2019 year to reflect the increase in corporate tax rate applicable to the Company.

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. The Company's ability to use losses in the future is subject to the Company satisfying the relevant tax authority's criteria for using these losses.

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

**6. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(1,019,707)	(1,395,292)
Exploration expenditure written off	(2,966)	21,490
Depreciation	6,569	18,057
Gain on sale of tenements	(370,332)	(175,025)
Share-based payments	172,239	498,039
Fair value movement on financial assets	564,676	-
Impairment of available for sale assets	-	258,125
Change in operating assets and liabilities during the financial year:		
(Increase)/decrease in trade and other receivables	11,354	7,348
Increase/(decrease) in trade and other payables	4,771	8,749
Increase/(decrease) in provisions	16,790	(1,118)
Net cash outflow from operating activities	<u>(616,606)</u>	<u>(759,628)</u>

**7. LOSS PER SHARE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Loss used in calculation of basic and diluted loss per share	(1,019,707)	(1,395,292)
Basic loss per share (cents per share)	(2.92)	(4.00)
Diluted loss per share (cents per share)	(2.92)	(4.00)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share.	<u>34,940,105</u>	<u>34,894,775</u>

Options on issue were not considered to be dilutive as their impact would have been to increase the loss per share.

**8. DIVIDENDS**

No dividend has been declared for the year ended 30 June 2019 (2018: nil).

**9. CASH AND CASH EQUIVALENTS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Term deposits	-	2,107,998
Cash at bank	908,486	204,085
	<u>908,486</u>	<u>2,312,083</u>

Term deposits include \$57,700 deposited as a guarantee. The Group's exposure to interest rate risk is disclosed in Note 19.

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

**10. TRADE AND OTHER RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Trade and other receivables	18,867	16,159
<i>Non-current</i>		
Other receivables (deposits)	60,216	58,418

Trade and other receivables are denominated in Australian dollars and are interest free with settlement terms of between 7 and 30 days. No trade receivables were past due or impaired as at 30 June 2019 (2019: nil). Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established, using the expected credit loss model under AASB9 when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that these amounts will be received when due.

Due to the short-term nature of these receivables their carrying value is assumed to be their fair value. Please refer to Note 19 for information on credit risk.

**11a. NON-CURRENT – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Shares in listed corporations		
- Opening balance	2,601,522	-
- Additions <sup>2</sup>	280,000	-
- Disposals	(88,761)	-
- Fair value movement	(564,676)	-
- Closing balance	2,228,085	-

The fair value of listed financial assets at fair value through profit and loss has been determined directly by reference to published price quotations in an active market.

At 30 June 2019 the market value of the Group's shareholding in Energy Metals was \$1,824,977 (2018: \$2,105,742) and Kin Mining NL was \$55,250 (2018: \$127,500).

Refer to Note 19 for information on Group's exposure to price risk.

<sup>1</sup> Due to a change in accounting policy upon adoption of AASB 9 *Financial Instruments* on 1 July 2018 (refer Note 1), financial assets previously classified as *available for sale financial assets* are now classified as *financial assets at fair value through profit and loss*.

<sup>2</sup> These financial assets were acquired as consideration for tenement sales (refer Note 4) and were non-cash transactions.

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

**11b. NON-CURRENT – AVAILABLE FOR SALE FINANCIAL ASSETS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Shares in listed corporations		
- Opening balance	-	1,985,841
- Additions	-	66,505
- Revaluation increase	-	807,301
- Impairment	-	(258,125)
- Closing balance	-	2,601,522

**12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment - at cost	179,776	179,776
Less: accumulated depreciation	(157,920)	(151,352)
	<u>21,856</u>	<u>28,424</u>

**Reconciliation of the carrying amount of property, plant and equipment:**

Carrying amount at beginning of year	28,424	36,299
Additions and disposals (net)	-	10,182
Less: depreciation expense for year	(6,568)	(18,057)
Carrying amount at end of year	<u>21,856</u>	<u>28,424</u>

Total property, plant and equipment

	<u>21,856</u>	<u>28,424</u>
--	---------------	---------------

**13. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	545,961	134,707
Exploration expenditure incurred	847,343	457,719
Disposal of tenements/interest in JV	(8,736)	(24,975)
Exploration expenditure written off	(2,966)	(21,490)
Balance at the end of the year	<u>1,381,602</u>	<u>545,961</u>

The balance carried forward represents projects in the exploration and evaluation phase.

Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

The exploration expenditure written off during the year relates to exploration and evaluation expenditure on tenements surrendered, or to which the Group does not currently have right to tenure.

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

**14. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade payables	14,495	60,663

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

The carrying value of trade and other payables are assumed to be the same as their fair values, due to their short term nature.

**15. CONTRIBUTED EQUITY**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Share capital</b>		
34,994,775 ordinary fully paid shares (2018: 34,894,775)	7,255,254	7,227,254
	<b>Number</b>	<b>\$</b>
Balance at the beginning of year	34,894,775	7,227,254
Share-based payment <sup>1</sup>	100,000	28,000
Balance at the end of the year	34,994,775	7,255,254

<sup>1</sup> On 16 January 2019 the Company issued 100,000 fully paid ordinary shares AT \$0.28/share for a total of \$28,000 and 200,000 unlisted options exercisable at \$0.50 and expiring 30/06/2022 as consideration for the acquisition of geological data. Refer to note 18 for additional details.

Ordinary shares participate in dividends. On winding up of the Group any proceeds would be distributed to the number of shares held.

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

**16. ACCUMULATED LOSSES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Retained earnings at the beginning of the financial year	(5,204,784)	(3,809,492)
Loss attributable to members of the Group	(1,019,707)	(1,395,292)
Transfer from available for sale investments revaluations reserve (refer note 2(a))	937,392	-
Accumulated losses at the end of the financial year	(5,287,099)	(5,204,784)

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

**17. RESERVES**

	2019 \$	2018 \$
<b>Share-based payment reserve</b>		
Balance at the beginning of the year	2,467,813	1,969,774
Share-based payments (refer to note 18)	144,239	498,039
Balance at the end of the year	2,612,052	2,467,813
<b>Available for sale investments revaluations reserve</b>		
Balance at the beginning of year	937,392	130,091
Transfer to retained earnings following change in accounting policy (refer note 2(a))	(937,392)	-
Revaluation on available for sale investments	-	807,301
Balance at the end of the year	-	937,392
<b>Total reserves</b>	2,612,052	3,405,205

*Nature and purpose of the reserves:*

- (i) The share-based payments reserve is used to recognise the fair value of options issued but not exercised.
- (ii) Prior to the change in accounting policy (refer note 2(a)), the available-for-sale investment revaluation reserve was used to recognise the change in fair value in available-for-sale investments which were not assessed as impairment.

**18. SHARE BASED PAYMENT TRANSACTIONS**

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions. The expense in the year was \$172,239, including an amount of \$28,000 recognised as exploration expenditure in the statement of profit or loss for the year ended 30 June 2019 (2018: \$498,039).

Employee Share Option Plan

Jindalee Resources Limited Employee Share Option Plan ("ESOP") was established to encourage all eligible directors, executive officers and employees who have been continuously employed by the Group to have a greater involvement in the achievement of the Group's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Group through share ownership.

The ESOP allows the Group to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price in accordance with the rules of the ESOP.

All options on issue are fully vested at grant date with the exception of some of the options issued to Mr Darvall which are subject to vesting criteria.

Set out below are summaries of options granted during the year ended 30 June 2018. No options were granted during the year ended 30 June 2019:

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
<b>2018</b>								
22/08/2017	30/06/2022	\$0.40 T1	400,000	-	-	-	400,000	400,000
22/11/2017	30/06/2022	\$0.40 T2	2,000,000	-	-	-	2,000,000	2,000,000
22/11/2017	30/06/2022	\$0.40 T3	1,500,000	-	-	-	1,500,000	1,500,000
22/11/2017	30/06/2022	\$0.50 T4	1,500,000	-	-	-	1,500,000	1,500,000
22/11/2017	30/06/2022	\$0.60 T5	1,500,000	-	-	-	1,500,000	-
		Weighted average exercise price	\$0.47	-	-	-	-	-

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

The weighted average remaining contractual life of share options outstanding at the end of the period is 3 years (2018: 4 years).

Fair Value of Share Options and Assumptions

The fair value of services received in return for share options granted to directors is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. This life of the options and early exercise option are built into the option model.

The assumptions used for the options valuation are as follows:

	<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>	<b>T5</b>	<b>T6</b>
Grant Date	22/08/2017	22/11/2017	22/11/2017	22/11/2017	22/11/2017	16/01/2019
Exercise Price	\$0.40	\$0.40	\$0.40	\$0.50	\$0.60	\$0.50
Expected Life	4.85 years	4.77 years	4.77 years	4.77 years	4.77 years	3.45 years
Share Price at Time of Issue	\$0.18	\$0.25	\$0.25	\$0.25	\$0.25	\$0.28
Expected Volatility	65%	65%	65%	65%	65%	65%
Dividend Yield	0%	0%	0%	0%	0%	0%
Risk Free Interest Rate	2.20%	2.14%	2.14%	2.14%	2.14%	1.92%
Option Value	\$0.06519	\$0.10845	\$0.10845	\$0.09518	\$0.08464	\$0.08891

As a result, a share-based payment expense of \$144,239 was recognised during the year ended 30 June 2019 in relation to the continued vesting of the Managing Directors options and \$28,000 for the issue of 200,000 unlisted options for the purchase of project data. Assumptions for the valuation of the \$28,000 expense recognised as exploration expenditure in the statement of profit or loss is provided at T6 above.

**19. FINANCIAL AND CAPITAL RISK MANAGEMENT**

**(a) Capital Risk Management**

The Group manages its capital to ensure that it will be able to continue as a going concern.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders. In order to achieve this object, the Group seeks to maintain a capital structure that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or sourcing of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

The capital structure of the Group consists of cash and cash equivalents (Note 9) and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings (accumulated losses) as disclosed in Notes 15, 16 and 17 respectively.

**(b) Significant Accounting Policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 of the financial statements.

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

**19. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

**(c) Categories of Financial Instruments**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
<i>Current</i>		
Cash and cash equivalents	908,486	2,312,083
Trade and other receivables	18,867	16,159
Total Current Financial Assets	<u>927,353</u>	<u>2,328,242</u>
<i>Non-current</i>		
Available for sale financial assets	-	2,601,522
Financial assets at fair value through profit and loss	2,228,085	-
Other receivables	60,218	58,418
Total Non-Current Financial Assets	<u>2,288,303</u>	<u>2,659,940</u>
<b>Financial Liabilities</b>		
<i>Current</i>		
Trade and other payables and provision for dividend	14,495	127,273
Total Current Financial Liabilities	<u>14,495</u>	<u>127,273</u>

**(d) Credit Risk Exposure**

As at the reporting date, the Group has no significant concentrations of credit risk. The carrying amount reflected above represents the Group's maximum exposure to credit risk.

**(e) Interest Rate Risk Exposure**

The Group's exposure to interest rate risk arises from assets bearing variable interest rates. The weighted average interest rate on cash holdings was 2.00% at 30 June 2019 (2018: 2.21%). All other financial assets and liabilities are non-interest bearing. The net fair value of the Group's financial assets and liabilities approximates their carrying value.

The Group invests its surplus funds on deposit with Australian banking financial institutions, namely the National Australia Bank and ANZ Bank. For banks and financial institutions, only independently rated parties with a minimum rating of AA- are accepted.

The table below summarises the impact of an increase/decrease in interest rates received on cash deposits held at year end on the Group's pre-tax profit for the year and on equity. The analysis is based on the assumption that rates increased/decreased proportionally by 10% of the current weighted average interest rate with all other variables held constant.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Impact on profit and equity</b>		
Increase of 10%	3,247	6,587
Decrease of -10%	(3,247)	(6,587)

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

**19. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

**(f) Price Risk**

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as financial assets at fair value through profit and loss. The Group is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The table below summarises the impact of an increase/decrease in prices of securities held at year end on the Group's pre-tax profit for the year and on equity. The analysis is based on the assumption that the prices of all securities increased/decreased by 10% with all other variables held constant.

<b>Impact on profit and equity</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Increase of 10%	222,808	260,152
Decrease of -10%	(222,808)	(260,152)

**(g) Liquidity Risk**

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet our financial commitments in a timely and cost-effective manner. The Board reviews the Group's liquidity position on a regular basis including cash flow statements to determine the forecast liquidity position and maintain appropriate liquidity levels. Note 14 details the Group's current obligations which are all due within 12 months and reflect the actual cash flows given the short-term nature of these liabilities.

There are no unused borrowing facilities from any financial institution.

**(h) Fair Values**

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

<b>Consolidated</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	908,486	2,312,083
Trade and other receivables	18,867	16,159
Non-current deposits	60,218	58,418
Available for sale financial assets	-	2,601,522
Financial assets at fair value through profit and loss	2,228,085	-
<b>Total Financial Assets</b>	<b>3,215,656</b>	<b>4,988,182</b>
<b>Financial Liabilities</b>		
Trade and other payables and provision for dividend	14,495	127,273
<b>Total Financial Liabilities</b>	<b>14,495</b>	<b>127,273</b>

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

**Cash**

The carrying amount is fair value due to the liquid nature of these assets.

**Receivables/payables**

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values. Non-current receivables receive a market rate of interest and are assessed as representing their fair values.

**Financial assets at fair value through profit and loss**

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. Refer to Note 22 for further details.

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

---

**20. CONTINGENCIES**

**Contingent Liabilities**

*Claims of Native Title*

To date the Group has been notified by the Native Title Tribunal of native title claims which cover some of the Group's licence holdings. Until further information arises in relation to the claims and its likelihood of success, the Group is unable to assess the likely effect, if any, of the claims.

*Performance Bonds and Security Documents*

In support of titles granted to or operated by the Group, various securities are submitted to the Department of Mines, Industry Regulation and Safety. These consist of unconditional performance bonds and securities or Form 32 security documents. The Company has no liability outstanding.

*Tenement Subject to Option*

The Group entered into an agreement with Aldoro Resources Ltd (ARN) agreeing to vend an 80% interest in non-gold rights over tenements E36/895 and E36/910 into an initial public offering. The Group maintains a 20% free carried position to Decision to Mine. At Decision to Mine the Group can either contribute pro-rata or dilute, with the Group reverting to a 2% gross royalty if the Group's interest falls below 5%. As part of the terms of the sale, Jindalee is entitled to contingent consideration upon delineation of a JORC Code Compliant Non-Gold Mineral Resource, which consists of the greater in value of the following:

- i) Number of ordinary shares in ARN equivalent to \$500,000 at a deemed issue price equal to the 5 day VWAP; or
- ii) 1,250,000 ordinary shares in ARN.

The Group entered into an agreement with Dacian Gold Limited (DCN) for the sale of 90% of E38/3211 and E38/3272. The Group's 10% interest is free carried to the finalisation of a feasibility study at which point the Group can elect to contribute pro-rata or dilute, with the Group reverting to a 1% net smelter royalty if the Group's interest falls below 5%.

Other than the above, there has been no change in contingent liabilities, contingent assets or commitments since the last annual reporting date, 30 June 2018.

There are no other contingencies of the Group at balance date.

**21. COMMITMENTS**

**Capital Commitments**

There are no capital expenditure commitments for the Group as at 30 June 2019.

**Contractual Commitment**

As at 30 June 2019 the Group has a contractual lease agreement for its registered offices which is due to expire on 15 June 2022. The amount contracted on a per year basis but not included as a liability at 30 June 2019 was \$90,522.

	2019 \$	2018 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
< 1 year	90,522	98,010
1-5 years	280,704	345,417
	371,226	443,427

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

**22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

*Fair value hierarchy*

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The table following analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined 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 (as prices) or indirectly (derived from prices); and  
 Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>30 June 2019</b>				
Financial assets at fair value through profit and loss	2,228,085	-	-	2,228,085
<b>Total as at 30 June 2019</b>	<b>2,228,085</b>	<b>-</b>	<b>-</b>	<b>2,228,085</b>
<b>30 June 2018</b>				
Available-for-sale financial assets	2,601,522	-	-	2,601,522
<b>Total as at 30 June 2018</b>	<b>2,601,522</b>	<b>-</b>	<b>-</b>	<b>2,601,522</b>

Due to their short-term nature, the carrying amount of the current receivables and current payables is assumed to approximate their fair value.

**23. CONTROLLED ENTITIES**

Controlled Entity	% held		Class	State of Incorporation	Date of Incorporation	Investment at Cost	
	2019	2018				2019	2018
						\$	\$
Eastmin Pty Limited	100%	100%	Ord	WA	15/04/2005	2	2
HiTec Minerals Pty Ltd	100%	100%	Ord	WA	13/04/2016	100	100
HiTech Minerals Inc.	100%	100%	Ord	Nevada, USA	21/02/2018	2	2

The date of acquisition of the controlled entities was on the date of incorporation.

**24. RELATED PARTY TRANSACTIONS**

- (a) Parent entity  
 The parent entity within the Group is Jindalee Resources Limited.  
 (b) Subsidiaries  
 Interests in subsidiaries are set out in Note 23.  
 (c) Key management personnel compensation

	2019	2018
	\$	\$
Short-term employee benefits	482,405	433,471
Post-employment benefits	36,670	29,245
Share-based payments	126,458	471,960
	<u>645,533</u>	<u>934,676</u>

Refer to the remuneration report contained within the Directors' Report and Note 18 for further details on other transactions with key management personnel and share based compensation.

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

**25. REMUNERATION OF AUDITORS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Amounts paid or payable at 30 June to the auditors for:		
Audit and review of financial statements	27,733	22,023
Total remuneration for audit and other assurance services	<u>27,733</u>	<u>22,023</u>

**26. PARENT ENTITY FINANCIAL INFORMATION**

The following details information related to the parent entity, Jindalee Resources Limited, at 30 June 2019 and 30 June 2018.

The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Position</b>		
<i>Assets</i>		
Current assets	614,492	1,657,875
Non-current assets	3,712,312	3,622,141
Total assets	<u>4,326,804</u>	<u>5,280,016</u>
<i>Liabilities</i>		
Current liabilities	31,599	134,892
Non-current liabilities	7,305	-
Total liabilities	<u>38,904</u>	<u>134,892</u>
Net assets	<u>4,287,900</u>	<u>5,145,124</u>
<i>Equity</i>		
Issued capital	7,255,254	7,227,254
Accumulated losses	(6,516,798)	(5,229,210)
Reserves	3,549,444	3,147,080
Total equity	<u>4,287,900</u>	<u>5,145,124</u>
<b>Financial Performance</b>		
Loss for the year	(1,029,170)	(1,377,846)
Other comprehensive income	-	807,301
Total comprehensive loss	<u>(1,029,170)</u>	<u>(570,545)</u>

No guarantees have been entered into by Jindalee Resources Limited in relation to the debts of its subsidiary companies.

Jindalee Resources Limited had no commitments or contingent liabilities at year end other than those disclosed in Notes 20 and 21.

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

---

**27. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

As announced to ASX on 10 July 2019, the Company announced a 1 for 10 non-renounceable pro rata entitlement offer at \$0.30 per share to raise approximately \$1.05M (before costs of the offer). The funds raised are to be used to advance the Company's McDermitt Lithium Project (US), Widgiemooltha Gold-Nickel Project (WA) and for general working capital.

As announced to ASX on 26 July 2019, the Group has entered into a Binding Preliminary Sales and Purchase Agreement ("Agreement") with SilverStream SEZC whereby SilverStream will purchase the Groups royalties over projects in the Eastern Goldfields of Western Australia, including West Kundana, Kookynie, Kelly Well, New Bore and Millrose. The Agreement will serve as the basis for a Definitive Sales and Purchase Agreement ("DPA") to be executed by the parties, with the DPA conditional on third-party consents being obtained by Jindalee and completion of further documentation. Consideration for the sale will comprise \$250,000 in cash and a \$250,000 convertible note with a 12 month expiry.

Other than the matters outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years.

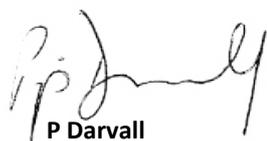
**JINDALEE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**ACN 064 121 133**

**DECLARATION BY DIRECTORS**

In the Directors' opinion:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001*, and:
  - (a) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations as required by section 295A of the *Corporations Act 2001*.
4. Note 2(a) confirms that the financial statements also comply with International Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**P Darvall**

Managing Director  
19<sup>th</sup> day of August 2019 at Perth, Western Australia.

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF JINDALEE RESOURCES LIMITED

As lead auditor of Jindalee Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Jindalee Resources Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 19 August 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of Jindalee Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

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

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

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

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

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

#### Key audit matters

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

## Recoverability of exploration and evaluation expenditure

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 13 to the Financial Report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Group.</p> <p>Refer to Note 2 of the Financial Report for a description of the accounting policy and significant judgements applied to capitalised exploration and evaluation expenditure.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources (AASB 6), the recoverability of exploration and evaluation expenditure requires significant judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;</li> <li>• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group’s exploration budgets, ASX announcements and directors’ minutes;</li> <li>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• Considering whether any facts or circumstances existed to suggest impairment testing was required; and</li> <li>• Assessing the adequacy of the related disclosures in Notes 2 and 13 to the Financial Report.</li> </ul>

## Other information

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

Our opinion on the financial report does not cover the other information and 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

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

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

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.



## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Jindalee Resources 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.

BDO Audit (WA) Pty Ltd

BDO  


Phillip Murdoch

Director

Perth, 19 August 2019