Tartana Resources Limited and Controlled Entities

ABN 90 126 905 726

Consolidated report for the year ended 30 June 2019

Tartana Resources Limited and Controlled Entities
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Directors' Report
30 June 2019

Contents **Page**

Directors' Report

30 June 2019

The directors of Tartana Resources Limited submit the annual report of the consolidated entity ("the group") consisting of Tartana Resources Limited ("the company") and the entities it controlled at the end of, or during the financial year ended 30 June 2019. The directors report as follows:

Directors

The names of each person who has been a director during the period and to the date of this report are:

Stephen B Bartrop	Appointed 31 January 2017
Qualifications	PhD, BSc (Hons), Grad. Dip. Securities Instit, MAusIMM, F Fin, MSEG, GAICD
Experience	Steve's professional experience spans more than 30 years covering periods in both the mining industry and financial sector. With a geology background, Steve has worked in exploration, feasibility and evaluation studies and mining in a range of commodities and in different parts of the world. In the financial sector, Steve has been involved in research, corporate transactions and IPOs spanning a period of more than 20 years, including senior roles at JPMorgan, Bankers Trust and Macquarie Equities. Steve is also Chairman of Stibium Mining Pty Ltd, a company which operates a gold mine in South Africa, and is a director of South West Pacific Bauxite (HK) Ltd, a company developing a bauxite project in the Solomon Islands. He is also Chairman of Breakaway Investment Group Pty Limited and Breakaway research Pty limited. Also, sits on the Nomination & Remuneration Committee.
Bruce Hills	Appointed 19 September 2017
Qualifications	BCom, CA (NZ)
Experience	Bruce is an accountant and is currently an Executive Director of Breakaway Investment Group Pty Limited which operates the Breakaway Private Equity Emerging Resources Fund. Bruce is a Director of a number of unlisted companies in the mining and financial services sectors including The Risk Board and Stibium Australia. Bruce has 35 years' experience in the financial sector including 20 years in the banking industry primarily in the areas of strategy, finance and risk. Also, sits on the Audit & Risk and Corporate Governance Committees.
Peter Rohner	Appointed 29 September 2017
Qualifications	BSc Metallurgy, Grad Dip Applied Finance & Investment
Experience	Peter has over 30 years' experience in the mining industry and has been involved in mineral processing technology development including development of the Jameson flotation cell, Isa Mill fine grinding and more recently had significant involvement in further development of Glencore's Albion Process (fine grind oxidative leach) technology. Peter is also currently Technical Director of the Core Group of companies which provides metallurgical processing solutions to its global clients. Also, sits on the Audit & Risk Committee.

Robert J Waring	Appointed 09 July 2014
Qualifications	B Econ
Experience	Robert Waring has over 40 years' experience in financial accounting and company secretarial roles, principally in the resources industry. He is involved as Company Secretary of a number of public companies listed on the Australian Securities Exchange. Robert has specialist skills in the preparation of company prospectuses, due diligence work and financial assessment of projects and companies. He has a keen interest in the equity markets. Robert is a founding Executive Director of Oakhill Hamilton Pty Ltd. Also, sits on the Audit & Risk, Nomination & Remuneration and Corporate Governance Committees.
Kieran Rodgers	Resigned 25 October 2018
Craig Nettelbeck	Appointed 26 October 2018
Qualifications	
Experience	Craig's business experience began over 20 years ago and has covered a broad range of industry sectors. Originally in professional sport, Craig has held director positions in a number of companies across financial, agricultural, sports management, financial advisories and mining companies. Specializing in project management, capital raising and contract negotiations, Craig has played an integral role in a number of IPO's and complex corporate transactions. Craig currently is a director of Dover Castle Metals an up and coming metals explorer in the same geological region to the Tartana Chillagoe site and has been responsible for the corporate governance and capital raising for this project. Also sits on Nomination & Remuneration and Corporate Governance Committees.

Company secretary

Veronique-Smith – LLB Hons (UK), MBDE (Fr), CAPA (Fr), Law Dip. (Aus) hold the position of Company Secretary. Veronique was appointed as Company Secretary and In-House legal Counsel in September 2017. Veronique has 20 years experience as a corporate transactions lawyer, both in major international law firms and in-house, as an Australian solicitor and a French avocat. Her broad practice includes domestic and cross border transactions and joint ventures in various legal systems. Veronique uses her varied legal expertise to assist the Board in corporate governance and compliance matters, capital raisings and project acquisition.

Principal activities

The principal activities of the group comprise of minerals exploration, with four mining leases in the Tartana Copper and Zinc Project in northern Queensland, planned copper sulphate production using existing open pit, heap leach pads and a solvent extraction/crystallization plant that has been in care and maintenance since 2014. The company also has mineral exploration tenements in Queensland at Mt Hess Copper/Gold Project and the Amber Creek Molybdenum/ Tin/ Tungsten project. The Company also holds the Zeehan Slag Project and is investigating opportunities for monetizing the zinc in the slag heaps including direct sales, processing by leaching or fuming.

There were no significant changes in the group's activities during the year.

Tartana Resources Limited and Controlled Entities

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Directors' Report

30 June 2019

Financial result

The consolidated loss of the group after providing income tax for the year ended 30 June 2019 was loss $(1,359,423) (2018: profit $1,474,744).

The net assets of the group increased by $883,216 from 4,473,917 at 30 June 2018 to $5,357,134 at 30 June 2019, principally due to the increase in Issued Capital during the year $ 2,217,654, repayment of non-current borrowings associated with the Zeehan Slag acquisition offset by the group's loss for the year of $(1,359,423)

Dividends

In respect of the year ended 30 June 2019, no final dividend was paid.

Review of operations

During the year the company continued advance its key strategic projects. The company also lodged a prospectus on 24 June 2019 as part of an Initial Public Offering (IPO) for listing on the ASX. The target is to raise the minimum of $ 4,000,000 to a maximum of $6,000,000: At the date of this report this IPO in still in progress.

Funds raising from on-going activities resulted in the Company raising $974,902.75 through a rights issue and private placements. It also issued a further $230,983 through the issuance of shares as payment of Director services. On 25 October 2018 the Company received a short-term cash advance of $140,000 from Craig Nettlebeck, a non-Executive Director of the Company. At the signing of this report, the advance had not been repaid.

In February 2019 the Company entered into a Variation Deed amending the Intec Share Sale Agreement which resulted in the cash payment being cancelled and replaced by the issuance of 5,000,000 ordinary shares in the Company at deemed value of $0.10 per share.

The Tartana/Copper Zinc Project is the flagship project of the Company and comprises four granted mining leases and the company has defined four separate projects. These are the Oxide Copper project, the Deeper Copper Sulphide project, the Valentino copper-gold-silver cobalt project and the Queen Grade zinc project.

During the year the focus of the Oxide Copper Project was continued preparatory work to enable us to restart the existing Heap Leach – Solvent Extraction – Crystallisation plant which is currently under care and maintenance. To date we have competed a review of the existing plant infrastructure, including required refurbishment and associated re-start costs. We have also started the process to upgrade the environmental approval for re-starting production of copper sulphate.

The Deeper Copper Sulphide target involves drill testing a geophysical IP anomaly which is near surface and is seen to coincide with copper mineralization in the open pit. During the year we engaged SRK to estimate a JORC 2012 compliant Exploration target.

The Valentino Project is interpreted as a splay off the main porphyry mineralization and has elevated copper-cobalt and gold levels relative to the open pit mineralization at surface. SRK also estimated a JORC 2012 Exploration Target for this project.

Lastly, the Queen Grade zinc project is interpreted to be a zinc-rich skarn which plunges to the north. Drilling will target extensions down plunge to the north. This project has a similar mineralization style to the Auctus Resources King Vol zinc mine. During the year the company undertook discussions with Auctus on various opportunities that could arise from collaboration on the Queen Grade project and the King Vol mine.

We have started the process to upgrade the environmental approval for exploration drilling for the Deeper Copper Sulphide, Valentino and Queen Grade projects.

Zeehan Zinc Slag Project

This project holds two old slag heaps on the old Zeehan smelter site and during the year the company undertook a 7-hole air core drilling programme to assist in verifying historical drilling data and to enable the upgrade of the mineralization to a 2012 Indicated Resource of 469,000 tonnes at 13.3% ZN, 17% Pb, 53 g/t Ag and with potential indium credits.

In addition, Tartana continues to investigate options to monetise the slag including leaching the slag to recover the zinc, slag sales to a third-party processor and slag sales to local smelters.

Changes in the state of affairs

There was no significant change in the state of affairs of the group during the year ended 30 June 2019.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the group, the results of those operations, or the state of affairs of the group in future financial years other than:

- As part of the Zeehan Zinc Project and in accordance with the Intec Share Sale Agreement dated 23 October 2017 entered into with SciDev Ltd the Company issued to SciDev Ltd, on 18 December 2019 1,676,042 ordinary shares at a deemed value of $0.10 per share
- The Board resolved on 18 December 2019 to authorise the issue of a maximum of 7.5 million unsecured convertible notes of $0.20 each (**Convertible Notes**) to raise $1,500,000 to a limited number of sophisticated or professional investors (pursuant to section 708 of the Corporations Act).To the date of this Prospectus the company has received applications for and issued Convertible Notes to the value of $750,000.
- COVID 19 and the resulting economic fall-out have created unprecedented market conditions. The Company in response has extended the closing date of its current Initial Public Offering until 29 May 2020 and has implemented a number of health and safety measures in line with Federal and State Government guidelines and requirements. In addition, we are reviewing the cost base of the Company with the aim of minimizing non project costs until the economic fall-out diminishes.

Future developments

The Company is in the process of listing on the ASX and intends to use the capital raised through the listing process to undertake drilling on the Queen grade Zinc Project; Cooper Oxide project; Copper Sulphate Project and the Valentino Copper-Gold-Silver-Cobalt Project. In addition, the Company will spend funds to advance the Zeehan Zinc Slag Project, commence initial exploration on the Mt Hess and Amber Creek Projects and undertake project generation. These projects are at an early stage and it not possible to postulate likely developments and expected results.

Environmental regulations

The Company holds mining licenses issued by the Queensland Department of Natural Resources, Mining and Energy and Mineral Resources of Tasmania. The licence conditions include those related to the environment including the deposit of a bond for environmental rehabilitation and the environmental restoration for damage caused on the mining license. There have been no significant breaches of licence conditions during the period.

The Company also hold exploration permits for minerals issued by the Queensland Department of Natural Resources, Mining and Energy. The permit conditions include those related to the environment including environmental restoration for damage caused on the EPM. There have been no significant breaches of the permit conditions.

Indemnification and insurance of officers and auditors

There were indemnities given and insurance premiums paid, during or since the end of the half-year, for any person who is or has been an officer or director of Tartana Resources Limited.

Directors' Report
30 June 2019

Directors' meetings

The following table sets out the number of directors' meetings held during the year ended 30 June 2019 and the number of meetings attended by each director. During the period, 11 board meetings were held.

	Board of Directors	
Name	**Held**	**Attended**
Stephen B Bartrop	11	11
Robert J Waring	11	11
Bruce Hills	11	11
Peter Rohner	11	10
Kieran Rodgers	3	3
Craig Nettelbeck	8	7

Remuneration of key management personnel

2019	**Short-term Employee benefits**		**Post-employment benefits**	**Share Based Payments**	**Total**
Directors	**Salary and Directors fees $**	**Consulting fees $**	**Superannuation $**	**Options $**	**$**
Stephen B Bartrop	-	272,000	-	-	272,000
Robert J Waring	-	47,357	-	-	47,357
Bruce Hills	-	153,105	-	-	153,105
Peter Rohner	-	47,255	-	-	47,255
Craig Nettelbeck	-	54,000	-	14,000	68,000
		573,717		14,000	587,717

2018	**Short-term Employee benefits**		**Post-employment benefits**	**Share based payments**	**Total**
Directors	**Salary and Directors Fees $**	**Consulting fees $**	**Options $**	**Options $**	**$**
Stephen B Bartrop		209,615	-	28,000	237,615
Robert J Waring		77,333	-	2,800	80,133
Bruce Hills		64,500	-	11,200	75,700
Peter Rohner		22,500	-	16,800	39,300
Kieran Rodgers				2,800	2,800
		373,948		61,600	435,548

Transactions with associates of Directors

S Bartrop and B Hills are Directors of, and have a financial interest in, Breakaway Mining Services Pty Ltd, a company that provided technical services to the company during the year including the services of Veronique Morgan-Smith. These services were provided under normal commercial terms and conditions, and fees totaled $87,978 in FY19. S. Bartrop is a Director of, and has a financial interest in Breakaway Mining Research Pty Ltd that provided office services to the company. These services were provided under normal commercial terms and conditions, and fees totaled $65,637 in FY19 S Bartrop is a Director of, and has a financial interest in Bluespoint Mining Services Pty Ltd, a company that provided technical services to the company during the year. These services were provided under normal commercial terms and conditions and fees totaled $14,400

Options

Unissued shares under option.

At the date of this report, the unissued ordinary shares of Tartana Resources Limited under option are as follows:

	Date of Expiry	Exercise Price $	Number under Option
Unlisted share options	8 March 2022	0.40	11,000,000
Unlisted share options	29 November 2022	0.40	2,500,000

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Climate Change

The company activities are assessed as having a relatively low energy intensity, producing low exposure to climate change risks related to the transition to a lower carbon economy.

The company's activities may be carried out at sites that are vulnerable to physical climate impacts. Extreme weather events have the potential to damage infrastructure and disrupt or delay business activities. The company is enhancing its site-specific risk management plans to ensure that this risk factor is considered.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

Auditor's independence declaration

The auditor's independence declaration is included after this report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Director: ....

Dated: 11 May 2020

Auditor's Independence Declaration

To the directors of Tartana Resources Limited

As engagement partner for the audit of Tartana Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners

……………………………………………….
Anthony Dowell
Partner

10 May 2020

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Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019

	Note	Consolidated 30 June 2019 $	30 June 2018 $
Revenue	3	37,410	43,922
Purchase Price Allocation	2(b)	-	2,530,075
Administration Costs		(72,122)	(118,668)
Consulting Fees		(602,794)	(367,053)
Corporate Costs		(277,356)	(307,345)
Depreciation and amortisation expense		(103,659)	(17,253)
Exploration Expenses		(117,843)	(98,202)
Registration Fees		(17,384)	(1,200)
Rent		(13,833)	(9,000)
Other expenses		(166,957)	(128,932)
Share based payments		(24,885)	(61,600)
Profit/(Loss) before tax	4	(1,359,423)	1,464,744
Income tax benefit	5	-	-
Profit/(Loss) for the period		(1,359,423)	1,464,744
Other comprehensive income for the period			
Total comprehensive income/ (loss) for the period		(1,359,423)	1,464,744
Total comprehensive income/ (loss) attributable to:			
Owners of the company		(1,359,423)	1,464,744
(Losses)/Earnings per share			
Basic (cents per share)	6	(0.0320)	0.0737
Diluted (cents per share)	6	(0.0320)	0.0737

Consolidated statement of financial position
As at 30 June 2019

	Note	Consolidated 30 June 2019 $	30 June 2018 $
Assets			
Cash and cash equivalents	18	30,943	66,549
Trade and other receivables	7	50,158	45,866
Other current assets	8	44,422	-
Inventory	9	176,000	176,000
Total current assets		301,523	288,415
Non-current assets			
Intangible assets – Goodwill	11	1,984,619	1,984,619
Plant and Equipment	10	2,766,064	2,856,872
Exploration Expenditure	19	868,381	504,250
Other non-current assets	8	586,400	597,200
Total Non-current assets		6,205,464	5,942,941
Total assets		6,506,987	6,231,356
Liabilities			
Current liabilities			
Trade and other payables	12	731,884	679,064
Other liabilities		22,874	-
Loan from Director	13	145,096	-
Total current liabilities		899,854	679,064
Non-Current liabilities			
Borrowings	14	250,000	1,078,375
Total non-current liabilities		250,000	1,078,375
Total liabilities		1,149,854	1,757,439
Net assets		5,357,133	4,473,917
Equity			
Issued capital	15	7,917,937	5,700,183
Accumulated losses	16	(2,647,289)	(1,287,866)
Reserve	17	86,485	61,600
Total equity		5,357,133	4,473,917

Tartana Resources Limited and Controlled Entities

ABN 90 126 905 726

Consolidated statement of changes in equity
As at 30 June 2019

Consolidated	Note	Issued capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2017		2,721,644		(2,752,610)	(30,966)
Shares issued during the year		3,029,098			3,029,098
Total comprehensive income/(loss) for the year				1,464,744	1,464,744
Costs of capital raising		(50,559)			(50,559)
Share based payments			61,600		61,600
Balance at 30 June 2018		5,700,183	61,600	(1,287,866)	4,473,917

Consolidated	Note	Issued capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2018		5,700,183	61,600	(1,287,866)	4,473,917
Shares issued during the year		2,225,504			2,225,504
Total comprehensive income/(loss) for the year				(1,359,423)	(1,359,423)
Costs of capital raising		(7,750)			(7,750)
Share based payments			24,885		24,885
Balance at 30 June 2019		7,917,937	86,485	(2,647,289)	5,357,133

Consolidated statement of cash flows
for the year ended 30 June 2019

	Note	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Cash flows from operating activities			
Interest received		15,163	-
Receipts from operating activities		23,977	48,267
Payments to suppliers and employees		(1,068,366)	(441,900)
Net cash generated by (used in) operating activities	13(b)	(1,028,776)	(393,613)
Cash flows from investing activities			
Payments for deposits		(24,500	(586,400)
Payments for exploration expenditure		(297,346)	(81,356)
Refund from (payment for) business combinations		250,000	(765,925)
Purchase of plant & equipment		(12,851)	(4,125)
Net cash generated by/ (used in) investing activities		(84,697)	(1,437,806)
Cash flows from financing activities			
Receipts from issuing shares		932,771	1,882,539
Receipts from loans		145,096	10,726
Net cash generated by/ (used in) financing activities		1,077,867	1,893,265
Net increase/(decrease) in cash and cash equivalents		(35,606)	61,846
Cash contributed upon consolidation		-	488
Cash and cash equivalents at the beginning of the year		66,549	4,215
Cash and cash equivalents at the end of the year		30,943	66,549

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1. General Information

Tartana Resources Limited (the “company”) is a public company incorporated in Australia. The address of its registered office and principal place of business is as follows:

169 Blues Point Road
McMahons Point
NSW 2069

The principal activity of the group during the period was exploration for minerals.

These consolidated financial statements and notes represent Tartana Resources Limited (‘the company”) and its controlled entities (the “group”).

2. Significant accounting policies

State of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the group. For the purposes of preparing the consolidated financial statements, the company is a for-profit entity.

The financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. Accounting Standards include Australian Accounting Standards (ÄAS’). Compliance with AAS ensures that the financial statements and the notes of the group comply with International Financial Reporting Standards (ÍRFS’).

The financial statements were authorised for issue by the directors on 11 May 2020

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for the measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of ASASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in AASB 102 Inventories value in use in AASB 136 Impairment of Assets’.

The principal accounting policies are set out below.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and the entities controlled by the company (its subsidiaries) made up to 30 June each year. Control, is achieved when the company:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affects its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the company has less that a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the profit and loss from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company. Total comprehensive income of the subsidiaries is attributed to the owners of the company. Where necessary, adjustments are made to the financial statements to bring the accounting policies used into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

a. deferred tax assets or liabilities and assets or liabilities related to employee benefit

2. Significant accounting policies (cont'd)

(b) Business combinations (cont'd)

arrangements are recognized and measured in accordance with AASB 112 '*Income Taxes'* and AASB 119 '*Employee Benefits*' respectively;

b. liabilities or equity instruments related to share-based payment arrangements of the acquiree or share- based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 '*Share-based Payment'* at the acquisition date; and

c. assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 '*Non-current Assets Held for Sale and Discontinued Operations'* are measured in accordance with that Standard.

Where the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

(c) Revenue recognition

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognizes revenue when it transfers control of a service to a customer.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

(d) Leasing

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

The group as lessee

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

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

2. Significant accounting policies (cont'd)

(d) Leasing (cont'd)

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred

(e) Taxation

The company is part of a tax-consolidated group under Australian taxation law, of which Tartana Resources Limited is the head entity. As a result, Tartana Resources Limited is subject to income tax through its membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Tartana Resources Limited have agreed to pay a tax equivalent payment to or from the head entity equal to the tax liability or asset assumed by the head entity for that period as noted above. Such amounts are reflected in amounts receivable from or payable to the head entity. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that the company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary

2. Significant accounting policies (cont'd)
(e) Taxation (cont'd)

difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it

is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year
Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Property, plant and equipment

Plant and equipment is stated at cost or fair value less accumulated depreciation as per valuation on 17 September 2018.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. Plant and Equipment and Infrastructure & Site Improvements are depreciated on a straight- line basis using life of mine method based on estimated mineral reserves linked to the production of copper sulphate. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2. Significant accounting policies (cont'd)

(g) Property, plant and equipment (cont'd)

Depreciation is calculated on a straight-line basis so as the write off the cost or revalued amount of each fixed asset over its estimated useful life, as follows to its estimated residual value.

Software	1-3 years
Buildings	40 years
Plant & Equipment	Useful life of mine
Infrastructure & Site Improvements	Useful life of mine
Website & development costs	1-3 years
Low Value Pool	1-3 years
Office Equipment	3-7 years

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognized in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(h) Exploration and development expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These coats are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decisions to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

2. Significant accounting policies (cont'd)

(h) Exploration and development expenditure (cont'd)

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the

costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legalisation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(i) Impairment of assets (excluding goodwill)

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed,

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) expected to benefit from synergies of the combination. Cash-generating units to which goodwill has been allocated if the recoverable amount of the cash-generating unit is less than the carrying amount of the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Am impairment loss recognized for goodwill is not reverse in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Significant accounting policies (cont'd)

(k)Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortised cost.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

The group's financial assets at amortised cost includes trade receivables.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or credit-impaired financial assets (ie assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other or discounts) excluding expected credit losses, through the expected life of the debt instrument, or (where appropriate) a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of financial assets

The group recognizes a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

2. Significant accounting policies (cont'd)

(i) Financial instruments (cont'd)

The group always recognizes lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the entity's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The group recognizes an impairment gain or loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit and loss.

Financial liabilities

Financial liabilities include trade and other payables, are initially measured at fair value, net of transaction costs.

2. Significant accounting policies (cont'd)

(k)Financial instruments (cont'd)

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Derecognition

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognized in profit or loss.

(l) Goods and Services Tax
Revenues, expenses and assets are recognized net of the amount of goods and services tax (GST), except:

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

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

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

(m)Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position of the group are expressed in Australian dollars ('$'), which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(n) Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. Significant accounting policies (cont'd)

(o) Critical accounting judgments and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

As described at (g) above, the group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

Capitalised exploration and evaluation expenditure

Exploration, evaluation and development expenditures incurred are only capitalized to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalize costs in relation to that area.

Costs of site restoration have been determined using the estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

Impairment Testing

Goodwill is evaluated for impairment annually or whenever certain triggering events or circumstances, that would more likely that not reduce the fair value of a reporting unit below its carrying amount, are identified. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors (for example, interest rate and foreign exchange rate fluctuations, and loss of key personnel), supply costs, unanticipated competitive activities, and acts by government and courts.

(p) Inventory

Inventory is valued at fair value as per the valuation completed by 17th September 2018

2. Significant accounting policies (cont'd)

(q) Share based payments

Options Issued to key personnel

Tartana Resources Limited has granted options to a core team of key personnel that will lead the company through the next few years.

On 26 February 2018 the company issued 11,000,000 options. One option converts to one share on exercise at an exercise price of $0.40 per ordinary share. No amounts were paid or are payable by the recipient on receipt of the option. The option carries neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The options granted expire on their expiry date, or one month after the resignation of the employee, whichever is the earlier. Half the options issued at the Annual General Meeting on 26 February 2018 vested at the end of the Annual General Meeting and the remainder will vest on 26 February 2019. The options may be exercised any time on or before 25 February 2022.

On 30 November 2018 the company issued 2,500,000 options. One option converts to one share on exercise at an exercise price of $0.40 per ordinary share. No amounts were paid or are payable by the recipient on receipt of the option. The option carries neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The options granted expire on their expiry date, or one month after the resignation of the employee, whichever is the earlier. Half the options issued at the Annual General Meeting on 30 November 2018 vested at the end of the Annual General Meeting and the remainder will vest on 30 November 2019. The options may be exercised any time on or before 30 November 2022.

Terms and conditions of share-based payment arrangements affecting remuneration of key management personnel in the current financial year or future financial years:

Grant date	Exercise Price	Expiry date	Vesting date
2013	$15.00	28/11/18	
2014	$15.00	14/02/19	
26/02/2018	$0.40	25/02/2022	26/02/2018 (50%) 26/02/2019 (50%)
30/11/2018	40.40	30/11/2022	30/11/2018 (50%) 30/11/2018 (50%)

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These options were valued based on the Cox Ross Rubenstein option pricing model, the value of the options was assessed using the annual volatility of returns based on the volatility of the S&P ASX 300 Mining and Metals index and the S&P/ ASX All Ordinaries Gold Index.

2. Significant accounting policies (cont'd)

(q) Share based payments (cont'd)

The table below summarises the options movement for the year:

Options at beginning of year	11,171,000
Granted during year	2,500,000
Expired during year	171,000
Exercised during period	-
Options at end of period	13,500,000

(r) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash- generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(s) Going concern basis

This financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors are aware of the fact that future development and administration activities are constrained by available cash assets, and believe future identified cashflows are sufficient to fund the short-term working capital, expenditure associated with the plant re-start and forecasted exploration requirements of the Company.

The Directors acknowledge the emerging risks of the COVID 19 virus outbreak and unprecedented market conditions as a result of the economic fall-out of the pandemic including impact on debt and equities markets however remain confident of securing further funding under the current convertible note issue and the current Initial Public Offer sufficient to meet the company's obligations as and when the fall due, and consider the adoption of the going concern basis to be appropriate in the preparation of these financial statements.

Should the fund raising be unsuccessful, it would indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and the consolidated entity's ability to pay its debts as and when they fall due.

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards

Amendments to Accounting Standards that are mandatorily effective for the current year

In the current year, the group has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. There has been no material impact of these changes on the group's accounting policies.

Impact of the application of AASB 15 *Revenue from Contracts with Customers.*

The group has adopted AASB 15 *'Revenue from Contracts with Customers'* and AASB 2014-5 *'Amendments to Australian Accounting Standards arising from AASB 15'* from 1 July 2018. AASB 15 establishes a single comprehensive model for entities to sue in accounting for revenue arising from contracts with customers. AASB 15 has replaced past revenue recognition guidance including AASB 118 *Revenue,* AASB 111 *Construction Contracts* and the related Interpretations.

The core principle of AASB 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: recognize revenue when (or as) the entity satisfies a performance obligation.

Under AASB 15, an entity recgonises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods and services underlying the particular performance obligation is transferred to the customer.

The directors of the group have assessed that the only performance obligation is from the provision of support services and accordingly, revenue will be recognized for this performance obligation at the point in time when services are rendered. This is similar to the current identification of separate revenue components under AASB 118.

The group has implemented the modified retrospective method of transition to AASB 15. The adoption of AASB 15 has not resulted in any material impact on comparatives figures. As such, comparatives have not been restated.

The application of AASB15 has not had a significant impact on the financial position and/ or financial performance of the group.

Impact of the application of AASB 9 *Financial Instruments*

In the current year, the group has applied AASB 9 *Financial Instruments* and the related consequential amendments to other AASB Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives. The group has assessed that restatement will not have a material impact and has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the group adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures* that were applied to the disclosures for 2018 and to the comparative period.

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards (cont'd)

AASB 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities;
2) Impairment of financial assets: and
3) General hedge accounting.

Details of these new requirements as well as their impact on the group's financial statements are described below.

Classification and measurement of financial assets
The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of AASB 9) is 1 July 2018. Accordingly, the group has applied the requirements of AASB 9 to instruments that continue to be recognized as at 1 July 2018 and has not applied the requirements to instruments that have already been recognized as at 1 July 2018.

All recognized financial assets that are within the scope of AASB 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured subsequently at amortised cost.

The directors of the group reviewed and assessed the group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 has had the following impact on the group's financial assets as regards their classification and measurement.

Classification and measurement of financial liabilities
The group has not designated any financial liabilities at fair value through profit or loss. There are no changes in

classification and measurement for the company's financial liabilities.

Impairment of financial assets
In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 39. The expected credit loss model requires the group to account for expected credit losses and charges in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, AASB 9 requires the group to recognize a loss allowance for expected credit losses on trade receivables.

In particular, AASB 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure the loss allowance for that financial instrument at an amount equal to 12 -moth ECL, AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The financial assets are assessed to have low credit risk. As such, the group assumes that the credit risk on these financial instruments has not increased significantly since initial recognition. The group applies the simplified approach and recognizes lifetime ECL for these assets.

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards (cont'd)

Given the nature and profile of the groups customer base reflecting a low credit risk, the directors have assessed that the application of AASB 9 did not result in any material ECL for trade receivables.

General hedge accounting
The application of the AASB 9 hedge accounting requirements has no other impact on the results and financial position of the group for the current and/or prior years.

(u) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 *Leases*	1 July 2019	30 June 2020
AASB 2018-*1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*	1 July 2019	30 June 2020
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 July 2020	30 June 2021
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 July 2020	30 June 2021
Interpretation 23 *Uncertainty over Income Tax Treatments*	1 July 2019	30 June 2020

3. Revenue

	Consolidated	
	30 June 2019	30 June 2018
	$	$
Sales	17,500	43,652
Interest Income	15,613	-
Other Income	4,297	270
	37,410	43,922

4. Loss for the year

Loss for the year has been arrived at after (charging)/ crediting the following items of income and expense:

Interest Income	15,613	-
Depreciation expense	103,659	17,253

5. Income Tax

	Consolidated 30 June 2019	Consolidated 30 June 2018
Income tax benefit		
Tax benefit comprises of:		
Current tax benefit	-	-
Deferred tax benefit	-	-
	-	-
The prima facie income tax expense in the consolidated statement of profit or loss and other comprehensive income is as follows:		
Loss before income tax from continuing operations	1,359,423	1,464,744
Income tax benefit calculated at 27.5% (2018 27.5%)	373,841	402,805
Effect of previously unrecognized and unused tax losses and deductible temporary differences	(373,841)	(402,805)
Income tax benefit attributable to loss		

6. Profit/ (Loss) per share

	2019 Cents per share	2018 Cents per share
Basic profit/ (loss) per share		
From continuing operations	(0.0320)	0.0737
Diluted profit/ (loss) per share		
From continuing operations	(0.0320)	0.0737

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

	2019 $	2018 $
Profit/ (Loss) used in calculation of basic and diluted loss per share	(1,359,423)	1,464,744
Weighted average number of ordinary shares for the purposes of basic and diluted loss	42,532,478	19,861,766

7. Trade and other receivables

	Consolidated 30 June 2019	Consolidated 30 June 2018
Current		
Sundry receivables	3,232	
GST Receivable	46,926	45,866
	50,158	45,866

8. Other Assets

	Consolidated	
	30 June 2019	30 June 2018
Current		
Prepayments	9,122	-
Deposits	35,300	-
	44,422	
Non-Current		
Term Deposit	586,400	597,200

Term Deposit is held against an environmental guarantee provided by the Bank for the Company's obligation under its environmental permit for Tartana Copper assets in Queensland.

9. Inventory

	Consolidated	
	30 June 2019	30 June 2018
Inventory at valuation	176,000	176,000

10. Plant and equipment

	Plant and Equipment	Buildings	Infrastructure & Site Improvements	IT & Development Costs	Office equipment	Total
	$	$	$	$	$	$
	Fair Value	Fair value	Fair Value	Cost	Cost	
Balance 1 July 2018	579,000	490,000	1,801,000	16,527	8,977	2,895,504
Additions	12,851	-	-	-	-	12,851
Balance at 30 June 2019	591,851	490,000	1,801,000	16,527	8,977	2,908,355
Accumulated Depreciation						
Balance 1 July 2018	1,014	15,408	-	13,233	8,977	38,632
Depreciation expense	4,797	98,037	-	825	-	103,659
Balance at 30 June 2019	5,811	113,445	-	14,058	8,977	142,291
Net book value 30 June 2019	586,040	376,555	1,801,000	2,469	-	2,766,064

Plant and equipment are stated at fair value and cost. Fair Value includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, fair value is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Depreciation is provided on plant and equipment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognized on a prospective basis. Freehold Land is not depreciated.

11. Intangible assets

	30 June 2019 $	30 June 2018 $
Non-current		
Goodwill on the purchase of Intec Zeehan Pty Ltd	1,984,619	1,984,619

12. Trade and other payables

	Consolidated	
	30 June 2019 $	30 June 2018 $
Unsecured		
Sundry payables and accrued expenses	246,222	221,314
Trade Payable (i)	485,662	457,750
	731,884	679,064

(i) Trade payables are non-interest bearing and are normally settled on 30 days end of month terms

13. Loan from Director

	Consolidated	
	30 June 2019 $	30 June 2018 $
Unsecured		
Loan from Director	145,096	-
	145,096	-

On 25 October 2018 the Company received an unsecured loan from Craig Nettlelbeck, a non-Executive Director of the Company. The annual interest rate (accruing quarterly) was 2% until 31 December 2018 and based on the Westpac Small Business Overdraft of 6.66% from 1 January 2019. The principal and interest are to be paid back within 14 days of quotation date of the Company on the ASX unless rolled over by mutual agreement.

14. Borrowings

	Consolidated	
	30 June 2019 $	30 June 2018 $
Non-current liabilities		
Borrowings	250,000	1,078,375

During the year ended 30 June 2018, the Company entered into the Intec Share Sale Agreement dated 23 October 2017 to purchase all the shares of Intec Zeehan Residues Pty Ltd from Intec Environmentals Pty Ltd a wholly owned subsidiary of SciDev Ltd. The consideration was 15,000,000 shares at a deemed value of $0.10 per share in the Company and a cash of $500,000 for a total purchase consideration of $2,000,000, the Agreement was later amended with the cash payments cancelled and replaced by the issue of 5,000,000 shares. As at 30 June 2019 SciDev has been issued 17,500,000 shares out of the agreed 20,000,000 leaving the balance of the purchase consideration owing at $250,000.

15. Issued capital

	Consolidated 30 June 2019	Consolidated 30 June 2018
55,668,071 fully paid ordinary shares (30 June 2018 35,963,476)	7,917,937	5,700,183

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

Movement in ordinary share capital

	Consolidated 30 June 2019		Consolidated 30 June 2018	
	Number of shares	$	Number of shares	$
Balance at the beginning of the period	35,963,476	5,700,183	1,000,000	2,721,644
Shares issued during the period	19,704,595	2,217,754	34,963,476	2,978,539
Balance at the end of the period	55,668,071	7,917,937	35,963,476	5,700,183

During the year the Company issued the following shares:

- Shares issued to SciDev Limited 10,540,000 ordinary shares at a deemed value of $0.10 per share under the Intec Share Sale Agreement. This included the issue of 5,000,000 ordinary shares as part of a Variation Deed to the Share Sale Agreement which replaced the cancelled cash payments under the original Intec Share Sale Agreement.
- 1,847,867 shares at an issue price of $0.125 as payment of services to Directors
- 7,316,728 shares at an issue price of $0.125 as part of Private Placements offers during the year.

16. Accumulated losses

	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Balance at the beginning of the year	(1,287,866)	(2,752,610)
Profit/(Loss) during the year	(1,359,423)	1,464,744
Balance at the end of the year	(2,647,289)	(1,287,866)

17. Reserves

	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Share based payments (i)	86,485	61,600

(i) The share-based payments reserve records the value of options issued to directors, employees and consultants as part of the remuneration for their services.

18. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

(a) Reconciliation of cash

	Consolidated	
	30 June 2019 $	**30 June 2018 $**
Cash at bank and on hand	30,943	66,549

(b) Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated	
	30 June 2019 $	**30 June 2018 $**
Profit (Loss) for the year	(1,359,423)	1,464,744
Depreciation expense	103,659	17,253
Share based payments	24,885	61,600
Purchase Price Allocation		(2,530,075)
Movements in working capital		
(Increase)/decrease in trade and other receivables	(4,258)	-
(Increase)/decrease in other current assets	(9,122)	
(Decrease)/increase in trade and other payables	193,395	592,865
(Decrease)/increase in other current liabilities	22,088	-
	(1,028,776)	(393,613)

19. Capitalised exploration and development expenditure

	30 June 2019 $	**30 June 2018 $**
Non-current		
Balance as at 1 July	504,250	0
Additions	364,131	179,558
On acquisition of Oldfield Resources	-	422,894
Capitalised expenditure written off	-	(98,202)
Balance as at 30 June	868,381	504,250

The exploration expenditure capitalised by Tartana Resources ending 30 June 2019, is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

20. Contingent liabilities and contingent assets

In the opinion of the directors, the group did not have any contingent liabilities or contingent assets at 30 June 2019.

21. Lease commitments

Non-cancellable operating lease commitments

	30 June 2019 $	30 June 2018 $
Not later than 1 year	60,600	-
Later than 1 year and not later than 5 years	111,696	

The lease of the company's office space at McMahons Point, NSW, is for a term of 36 months, with an expiry date of 7 April 2022. At the end of the lease term, there is an option to renew the lease for a further 3 years.

22. Auditors' remuneration

	Consolidated	
	30 June 2019 $	30 June 2018 $
Audit of the financial statements	67,000	15,000
Investigating Accountants Report for inclusion in the Company's Prospectus		
Preparation	10,000	15,000
Investigation	-	12,000
Revision	-	8,000
	77,000	50,000

The auditor of Tartana Resources Limited is BDJ Partners.

23. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Riverside Exploration (QLD) Pty Ltd	Australia	100	100
ISGAS Pty Ltd	Australia	100	100
Intec Zeehan Residues Pty Ltd	Australia	100	100
Oldfield Exploration Pty Ltd	Australia	100	100
Oldfield Resources Pty Ltd	Australia	100	100

24. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 2 for a summary of the significant accounting policies relating to the group.

	30 June 2019 $	30 June 2018 $
Statement of financial position		
Assets		
Current assets	452,277	323,552
Non-current assets	6,121,676	5,843,596
Total assets	6,573,943	6,187,148
Liabilities		
Current liabilities	850,931	1,681,027
Non-current liabilities	260,733	36,925
Total liabilities	1,111,664	1,717,952
Equity		
Issued capital	7,917,937	5,700,183
Current year profit (loss)	(1,229,546)	1,501,623
Accumulated losses	(1,312,587)	(2,752,610)
Reserves	86,485	-
Total equity	5,462,289	4,449,196
Total comprehensive loss	(1,229,546)	1,501,623

Contingent liabilities

The parent company had no contingent liabilities at 30 June 2019.

Guarantees

The parent entity has not entered into any guarantees, in the current or previous financial year, with respect to the debts of its subsidiaries

25. Key management personnel disclosures

Directors

The following persons were directors of the group during the financial year:

Stephen B Bartrop
Robert J Waring
Bruce Hills
Peter Rohner
Craig Nettelbeck

Remuneration of key management personnel

				30 June 2019 $	30 June 2018 $
2019	**Short-term Employee benefits**		**Post-employment benefits**	**Share Based Payments**	**Total**
Directors	**Salary and Directors fees $**	**Consulting fees $**	**Superannuation $**	**Options $**	**$**
Stephen B Bartrop	-	272,000	-	-	272,000
Robert J Waring	-	47,357	-	-	47,357
Bruce Hills	-	153,105	-	-	153,105
Peter Rohner	-	47,255	-	-	47,255
Craig Nettelbeck	-	54,000	-	14,000	68,000
	-	573,717		14,000	587,717

2018	**Short-term Employee benefits**		**Post-employment benefits**	**Share based payments**	**Total**
Directors	**Salary and Directors Fees $**	**Consulting fees $**	**Options $**	**Options $**	**$**
Stephen B Bartrop	-	209,615	-	28,000	237,615
Robert J Waring	-	77,333	-	2,800	80,133
Bruce Hills	-	64,500	-	11,200	75,700
Peter Rohner	-	22,500	-	16,800	39,300
Kieran Rodgers	-			2,800	2,800
	-	373,948	-	61,600	435,548

Transactions with associates of key management personnel

Amounts recognized as expense		
Exploration Expenses (i)	48,775	46,875
Corporate Costs (i)	95,181	165,178
Administration Costs(i)	24,059	
	168,015	212,053

(i) S Bartrop and B Hills are Directors of, and have a financial interest in, Breakaway Mining Services Pty Ltd, a company that provided technical services to the company during the year including the services of Veronique Morgan-Smith. These services were provided under normal commercial terms and conditions, and fees totaled $87,978 in FY19. S. Bartrop is a Director of, and has a financial interest in Breakaway Mining Research Pty Ltd that provided office services to the company. These services were provided under normal commercial terms and conditions, and fees totaled $65,637 in FY19 S Bartrop is a Director of, and has a financial interest in Bluespoint Mining Services Pty Ltd, a company that provided technical services to the company during the year. These services were provided under normal commercial terms and conditions and fees totaled $14,400

Troppo Resources Pty Ltd

Tartana entered into a services contract with Troppo Resources Pty Ltd ABN 58 506 385 938 dated 23

February 2018 for the services of Dr Stephen Bartrop as Executive Chairman of Tartana for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The annual remuneration is $272,000 plus GST to be reviewed annually. At 30 June 2019 the outstanding balance for the 2019 year is $78,829.51.

The contract is a related party contract as Troppo Resources Pty Ltd is an entity controlled by Dr Stephen Bartrop who is the sole director.

<u>Bruce Hills Pty Ltd</u>
Tartana entered into a services contract with Bruce Hills Pty Ltd ACN 129 558 461 dated 23 February 2018 for the services of Mr Bruce Hills as Executive Director of Tartana for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The fee is per diem and amounts to $1,500 plus GST to be reviewed annually. At 30 June 2019 the outstanding balance for the 2019 year is $43,774.00.

The contract is a related party contract as Bruce Hills Pty Ltd is an entity controlled by Mr Bruce Hills who is the sole directors.

<u>Corporate Elements Pty Ltd</u>
Tartana entered into a services contract with Corporate Elements Pty Ltd ACN 135 763 996 dated 23 February 2018 for the services of Mr Peter Rohner as Executive Director of Tartana for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The fee is per diem and amounts to $2,000 plus GST to be reviewed annually. At 30 June 2019 the outstanding balance for the 2019 year is $3,330.00.

The contract is a related party contract as Corporate Elements Pty Ltd is an entity controlled by Mr Peter Rohner who is one of its two directors.

<u>Oakhill Hamilton Pty Ltd</u>
Tartana entered into a services contract with Oakhill Hamilton Pty Ltd ABN 92 086 885 725 dated 10 January 2018 for the services of Mr Robert Waring as co-company secretary of Tartana and some of its subsidiaries. This contract was terminated on 30 April 2019. At 30 June 2019 the outstanding balance for the 2019 year is $47,016.25.

<u>Breakaway Research Pty Ltd</u>
Tartana entered into a services contract with Breakaway Research Pty Ltd ABN 39 602 490 906 dated 23 February 2018 for the services of Ms. Rachel Szabo for various administrative services for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The fee is per diem and amounts to $750 plus GST to be reviewed annually.

At 30 June 2019 the outstanding balance was $45,511.82.

The contract is a related party contract as Breakaway Research Pty Ltd is an entity controlled by Dr Stephen Bartrop who is the sole director.

<u>Breakaway Mining Services Pty Ltd</u>
Tartana entered into a services contract with Breakaway Mining Services Pty Ltd ABN 95 156 589 025 dated 19 March 2018 for the services of Ms. Veronique Morgan-Smith for company secretarial services and Mr Geoff Reed for geological technical services. This contract was terminated 0n 23 March 2019. At 30 June 2019 the outstanding balance for the 2019 year is $15,473.35. Breakaway Mining Services Pty Ltd is an entity controlled by Dr Stephen Bartrop and Mr Bruce Hills who are two of its three directors.

Bluespoint Mining Services Pty Ltd
Tartana entered into a services contract with Bluespoint Mining Services Pty Ltd ABN 40 632 724 166 dated 4 June 2019 for the services of Mr Geoff Reed for geological services for an initial term of 9 months and for any period thereafter terminable by 3 months written notice starting from 1 April 2019, The fee is per diem and amounts to $1,200 plus GST for the first 2 days per week and $1,000 +GST for any day in excess.

At 30 June 2019 the outstanding balance was $10,560.

The contract is a related party contract as Dr Stephen Bartrop is one of two directors and one of two shareholders of Bluespoint Mining Services Pty Ltd. The other director and shareholder is Mr Geoff Reed.

26. Related party transactions

(a) *Parent entities*

The parent entity within the group is Tartana Resources Limited.

(b) *Key management personnel*

Disclosures relating to key management personnel are set out in note 18.

(c) *Subsidiaries*

Interests in subsidiaries are set out in note 21.

27. Financial instruments

Capital management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of its equity balance.

In managing its capital, the group's primary objective is to ensure its continued ability to maintain its operations and provide a platform to enable a return for its equity shareholders to be made when successful commercial operations are achieved. In order to achieve this objective, the group seeks to maximise its fund raising to provide sufficient funding 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 reduction of debt, the group considers not only its short-term position but also its long-term operational and strategic objectives.

The group's overall strategy remains unchanged from 2018.

The capital structure of the group consists of cash and bank balances (note 18) and the equity of the group (comprising issued capital, reserves and accumulated losses as detailed in notes 15 to 17).

The group is not subject to any externally imposed capital requirements.

(a) Market risk

The group’s activities expose it primarily to the financial risks of changes in interest rates.

There has been no change to the group’s exposure to market risks or the manner in which these risks are managed and measured.

(i) Interest rate risk management

The group’s exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below
:

2019	**Weighted average interest rate**	**Floating interest rate**	**Fixed maturing in 1yr to 5 yrs**	**Non-interest bearing**	**Total**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash	0.0	30,943			30,943
Trade and other receivables	0.0			50,158	50,158
Total assets		30,943		50,158	81,101
Financial liabilities					
Loans				145,096	145,096
Trade and other payables	0.0			731,884	731,884
Total liabilities				**876,980**	**876,980**

2018	**Weighted average interest rate**	**Floating interest rate**	**Fixed maturing in 1yr to 5 yrs**	**Non-interest bearing**	**Total**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash		66,549			66,549
Trade and other receivables				45,866	45,866
Total assets		66,549		45,866	112,415
Financial liabilities					
Trade and other payables					
Total liabilities					

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The analysis assumes all other variables remain constant.

2019

	Carrying amount	+0.5% interest rate profit & loss	-0.5% interest rate profit & loss
	$	$	$
Cash at bank	30,942	155	(155)
Cash on short term deposit			
Tax charge of 27.5%		43	(43)
Post tax profit increase/(decrease)		112	(112)

2018

	Carrying amount	+0.5% interest rate profit & loss	-0.5% interest rate profit & loss
	$	$	$
Cash at bank	66,549	333	(333)
Cash on short term deposit			
Tax charge of 27.5%		(92)	92
Post tax profit increase/(decrease)		241	(241)

(b) Credit risk

Credit risk arises principally from the group's trade receivables. It is the risk that the counterpart fails to disc its obligation in respect of the instrument. Ongoing credit evaluation is performed on the financial condition of and other receivables. The group does not have significant concentration of credit risk with respect to any counter party or company of counter parties.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the group's short medium and long-term funding liquidity management requirements. The group manages liquidity risk by maintaining a reputable credit risk p banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows,

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet exp requirements for a period of at least 45 days. The Board receives cash flow projections in a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the group expected to have sufficient liquid resources to its obligations under all reasonably expected circumstances. The group does not have any financing facilities in place and does not have a bank overdraft.

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Maturity analysis of financial assets and liability based on contractual obligations

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows Trade and other payables mainly originate from the financing of assets used in ongoing operations such as, equipment and investments in working capital (e.g. trade receivables). These assets are considered in the group's overall liquidity risk.

2019		**Contractual cash flows**			
	Carrying amount $	**<6 months $**	**6-12 months $**	**>12 Months $**	**On demand $**
Financial assets					
Term Deposits	586,400	-	-	586,400	-
Cash	30,943	30,943	-	-	-
Trade and other receivables	50,158	50,158	-	-	-
Other assets	35,300	35,300	-	-	-
Total assets	702,801	116,401	-	586,400	-
Financial liabilities					
Trade and other payables	731,884	731,884			
Other current liabilities	22,874	22,874			
Loan from Director	145,096	145,096			
Total liabilities	899,854	899,854			
Net maturity	(197,053)	(783,453)		586,400	

2018		**Contractual cash flows**			
	Carrying amount $	**<6 months $**	**6-12 months $**	**>12 Months $**	**On demand $**
Financial assets					
Cash	66,549	66,549	-	-	-
Term deposits	586,400	-	-	586,400	-
Trade and other receivables	45,866	45,866	-	-	-
Total assets	698,815	112,415	-	586,400	-
Financial liabilities					
Borrowings	1,078,375	1,078,375	-	-	-
Trade and other payables	679,064	679,064	-	-	-
Total liabilities	1,757,439	1,757,439	-	-	-
Net maturity	(1,058,624)	(1,645,024)	-	586,400	-

The directors consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

28. Events after the reporting period

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the group, the results of those operations, or the state of affairs of the group in future financial years other than

- As part of the Zeehan Zinc Project and in accordance with the Intec Share Sale Agreement dated 23 October 2017 entered into with SciDev Ltd the Company issued to SciDev Ltd, on 18 December 2019 1,676,042 ordinary shares at a deemed value of $0.10 per share
- The Board resolved on 18 December 2019 to authorise the issue of a maximum of 7.5 million unsecured convertible notes of $0.20 each (**Convertible Notes**) to raise $1,500,000 to a limited number of sophisticated or professional investors (pursuant to section 708 of the Corporations Act).To the date of this Prospectus the company has received applications for and issued Convertible Notes to the value of $750,000.
- COVID 19 and the resulting economic fall-out have created unprecedented market conditions. The Company in response has extended the closing date of its current Initial Public Offering until 29 May 2020 and has implemented a number of health and safety measures in line with Federal and State Government guidelines and requirements. In addition, we are reviewing the cost base of the Company with the aim of minimizing non project costs until the economic fall-out diminishes.

29. Operating Segment

The group operates in one reporting segment being the mining of minerals.

30. Commitments

Exploration licence expenditure requirements:

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These commitments are not binding as exploration tenements can be reduced or relinquished at any time. Management has estimated expenditure to meet these commitments as detailed below:

	30 June 2019 $		30 June 2018 $
Payable not later than one year		37,500	248,230
Payable later than one year but not later than two years	-	37,500	647,231
	-	75,000	895,461

In addition to the exploration commitments there is an administrative commitment of $136,000.

Directors' declaration

In accordance with a resolution of the directors of Tartana Resources Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 41, are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards; which as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

    b. give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.

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.

Director ....

Dated this .... 11th. day of ....May............2020

Independent Auditor's Report

To the members of Tartana Resources Limited,

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Tartana Resources Limited (the company and its subsidiaries) ("the Group"), which comprises the consolidated statements of financial position as at 30 June 2019, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 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 auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the financial statements which states that the directors are investigating options to raise additional funds. Should these measures be unsuccessful, it would indicate a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and the Group's ability to pay its debts as and when they fall due. Our opinion is not qualified in respect of this matter.

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Other Information

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

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

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

If, based on the work we have performed, we conclude 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.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

BDJ Partners

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Anthony Dowell
Partner

13 May 2020