Explaurum LIMITED

ABN 50 114 175 138

and Controlled Entities

Annual Report

For the year ended
30 June 2018

CONTENTS

CORPORATE DIRECTORY

DIRECTORS
Chris Baker (Non-executive Chairman)
John Lawton (Managing Director)
Stephen Stroud (Non-executive Director)

COMPANY SECRETARY
Paul Frederiks FCPA FGIA FAICD

PRINCIPAL OFFICE
1A Ivy Street
INDOOROOPILLY QLD 4068
Telephone: (07) 3333 2722

REGISTERED OFFICE
Level 16, Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

CORPORATE POSTAL ADDRESS
GPO BOX 3249
BRISBANE QLD 4001

AUDITOR
Ernst & Young
Level 51, 111 Eagle Street
BRISBANE QLD 4000

SHARE REGISTRY
Computershare Investor Services Pty Limited
GPO Box 2975
MELBOURNE VIC 3001
Telephone: +1300 850 505
International:+613 9415 4000

SECURITIES EXCHANGE LISTING
Australian Securities Exchange
Home Exchange: Perth, WA
Code: EXU

INTERNET
www.explaurum.com
info@explaurum.com

CHAIRMAN'S REVIEW

Dear Fellow Shareholder

It gives me great pleasure to present the Explaurum Limited (ASX: EXU) 2018 Annual Report. As we previewed in our 2017 report, our focus for this year has been on advancing and optimising the Tampia Gold project and progressing our regional exploration program.

There have been a number of highlights in this and these include;

- Completion of **Tampia resource** drilling and updated resource estimate; 11.3Mt at 1.91g/t Au (695,000oz) at 0.5g/t Au cutoff – more than double previous estimate.
- Tampia **Scoping Study** – low cost high margin standalone project based on 1.5Mtpa throughput.
- Tampia **Feasibility Study** confirming the project as technically sound and financially robust with operating costs in the lowest quartile of gold projects globally.
- Ongoing **successful exploration program** of 24 high priority gravity targets (including three major targets) with a similar signature to the Tampia resource. To date, all but one of the targets tested have associated gold soil anomalies - a particular highlight being Anomaly 8, located 7km north of Tampia with gold soils up to 0.8g/t Au over 2.5km^2 area which have since been confirmed by drilling.
- Discovery and assessment of **Mace supergene zone** – drilled laterally to 1000m from the southern edge of the proposed Tampia pit to the North West and still open. The zone is circa 50m wide, average 5m thick from approximately 8m below surface.

There have been two capital raisings during the year to fund the Company's exploration and development program: $4.5M at 10.5c (July 2017) and $8.3M at 10.5c (February 2018).

Our strategy has been clear – work to advance and crystallise our exploration potential and advance the project to bankability status. The Mace discovery has been a bonus. The high-grade nature, shallowness and adjacent location to Tampia has the potential to create significant opportunities to incorporate the Mace discovery to the proposed mine plan and bring significant economic improvements to the announced Feasibility Study and in particular to the first year's production, operating costs and payback, that were not available when we completed the Feasibility Study in May 2018. An update on Mace is indicatively expected on or about 9 November 2018.

Most of our shareholders will be aware that a particular success factor in the development of the Tampia project has been the relationship we have built with the local landowners and local community. This has been led by our Managing Director, John Lawton, and supported by staff and contractors. I'd like to take this opportunity to acknowledge and thank the local community for their interest and support.

These results place Explaurum in a strong position but have been achieved with the backdrop of a relatively weak market that has put share price pressure on Explaurum, along with many other junior and aspiring gold companies.

Both the quality of the Tampia Project and regional exploration potential, and this market weakness has contributed, at least in part, to the unsolicited takeover offer announced on 10 September by Ramelius Resources Limited. At the time of writing this report your Board had issued its Target Statement recommending that shareholders reject the takeover offer by taking no action. The reasons for this recommendation are clearly set out in the Target Statement and an information line has been set up for shareholders. Your Board is fully committed to keeping shareholders up to date with information relevant to Ramelius's action as it come to hand as we work to defend the Company and secure the best value outcome for our shareholders.

This is an exciting time, notwithstanding the uncertainty created by the takeover offer, and I am heartened by the capability and commitment of our management and staff, as well as my fellow Directors, Recent months have been demanding and will continue to be so as we respond to the takeover offer and concurrently advance our exploration and project objectives.

We have a capable and professional team and I have high confidence in their ability to maximise the value of the assets we have at Tampia.

Yours sincerely

Chris Baker
Chairman
19 October 2018

DIRECTORS' REPORT

Your Directors present their report together with the financial report of Explaurum Limited ("Explaurum" or the "Company") and its controlled entities (the "Group"), for the year ended 30 June 2018 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

1. DIRECTORS

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Chris Baker, Independent Non-Executive Chairman
Age: 64
Appointed: 11 September 2015
Qualifications: B.Sc. (Hons), MBA, FAusIMM, IOD

Chris holds a BSc (Hons) in Mineral Technology (1976), and an MBA (1994) from the University of Otago, New Zealand. He is a member of the Institute of Directors (NZ), and a Fellow of the Australasian Institute of Mining and Metallurgy.

Chris has 36+ years' experience in the mining industry in Australia and NZ, in operating and corporate governance roles. Current positions include: CEO of Straterra, a membership organisation that represents the minerals sector in New Zealand and Chairman of MinEx, the Health and Safety Council of New Zealand. He was formerly a non-executive Director and then Chairman of the listed Company Auzex Resources Limited (October 2005 to April 2012).

John Lawton, Managing Director
Age: 69
Appointed: 11 September 2015
Qualifications: B.Sc.(App.Sci.), MAusIMM MAICD

John Lawton has over 40 years experience in mineral exploration, project development, operations and corporate management, particularly in gold. He co-founded successful gold producer Ross Mining NL developing 7 gold mines in 12 years before founding the Auzex group of mining companies in 2003 which successfully identified and developed the Bullabulling Gold Project to more than 3.4Moz gold.

He has held executive directorships in ASX listed companies for more than 20 years and was previously Executive Chairman and then Managing Director of the listed Company Auzex Resources Limited (October 2005 to April 2012) before being appointed Managing Director of Explaurum Limited in September 2015 following the merger of Explaurum with Auzex Exploration Ltd. John is also Chairman of Peninsula Goldfields Pty Ltd.

Stephen Stroud, Independent Non-Executive Director
Age: 47
Appointed: 21 January 2016
Qualifications: BComm (Fin&Acc) GradDip (AppFin) CPA

Stephen has extensive experience across all aspects of corporate finance and equity capital markets including mergers and acquisitions both within Australia and internationally. Stephen is currently Director, Corporate Finance for CCZ Equities and has a particular focus on advising small to mid-capitalisation companies listed on the ASX.

Stephen has provided expertise to the Board through a corporate advisory role prior to his appointment for some time in a comprehensive range of strategic activities including corporate advisory, equity raisings and mergers and acquisitions.

DIRECTORS' REPORT (Continued)

2. COMPANY SECRETARY

Paul Frederiks, CFO
Age: 57
Appointed: 11 September 2015
Qualifications: B.Bus. (Acc), FCPA, FGIA, FAICD

Paul Frederiks has extensive experience in public company financial and secretarial management with more than 30 years experience in the Australian resources sector.

He held the position of Company Secretary and Chief Financial Officer of Ross Mining NL for over eight years until 2000 and Company Secretary and Chief Financial officer of Geodynamics Limited for 10 years until 2012. He also has expertise in ASX listed public company reporting, financial modelling and forecasting, treasury management and hedging, project financing and corporate governance.

Paul established his own consultancy in 2000 providing company financial and secretarial services to both listed and unlisted public companies. He was formerly Company Secretary of Billabong International Limited from 2000 to 2004, CFO and Company Secretary of Geodynamics Limited from 2002 to 2012 and CFO and Company Secretary of Discovery Metals Limited from October 2012 to August 2014.

3. CORPORATE STRUCTURE

Explaurum Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is Level 16, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000. It was incorporated on 9 May 2005.

4. PRINCIPAL ACTIVITIES

Explaurum Limited is an active mineral exploration and development company with land holdings in Western Australia (WA). The Company holds the Tampia Gold project located in the wheat belt of WA. The total number of tenements held by the Company at 30 June 2018 is eleven granted licences. The three original Tampia tenements are held 90% by the Company subject to Joint Venture, and all other tenements are held 100% by the group.

5. OPERATING RESULTS

The loss of the Group for the financial year, after providing for income tax amounted to $1,931,181 (2017: $1,185,503).

6. EARNINGS PER SHARE

Basic loss per share for the year was 0.46 cents (30 June 2017: 0.38 cents).

DIRECTORS' REPORT (Continued)

7. REVIEW OF OPERATIONS / OPERATING AND FINANCIAL REVIEW

During the year, the Group was engaged in mineral exploration for metals in Australia. A review of the Group's operations, including information on exploration activity and results thereof, financial position, strategies and projects of the Group during the year ended 30 June 2018 is provided in this Financial Report. The Group's financial position, financial performance and use of funds information for the financial year is provided in the financial statements that follow this Directors' Report.

As an exploration entity, the Group has no operating revenue or earnings and consequently the Group's performance cannot be gauged by reference to those measures. Instead, the Directors' consider the Group's performance based on the success of exploration activity, acquisition of additional prospective mineral interests and, in general, the value added to the Group's mineral portfolio during the course of the financial year.

Whilst performance can be gauged by reference to market capitalisation, that measure is also subject to numerous external factors. These external factors can be specific to the Group, generic to the mining industry and generic to the stock market as a whole and the Board and management would only be able to control a small number of these factors.

The Group's business strategy for the financial year ahead and, in the foreseeable future, is to continue exploration, evaluation and development activity on the Group's existing Tampia Project, identify and assess new mineral project opportunities and review development strategies where individual projects have reached a stage that allows for such an assessment. Due to the inherently risky nature of the Group's activities, the Directors are unable to comment on the likely results or success of these strategies. The Group's activities are also subject to numerous risks, mostly outside the Board's and management's control. These risks can be specific to the Group, generic to the mining industry and generic to the stock market as a whole. The key risks, expressed in summary form, affecting the Group and its future performance include but are not limited to:

- Geological and technical risk posed to exploration and commercial exploitation success;
- Sovereign risk, change in government policy, change in mining and fiscal legislation;
- prevention of access by reason of inability to obtain regulatory or landowner consents or approvals, or native title issues;
- retention of key staff;
- change in metal market conditions;
- mineral title tenure and renewal risks; and
- capital requirement and lack of future funding.

This is not an exhaustive list of risks faced by the Group or an investment in it. There are other risks generic to the stock market and the world economy as a whole and other risks generic to the mining industry, all of which can impact on the Group.

In the 12 months to June 2018, Explaurum Limited has made considerable progress. The key achievements and progress made during the period were as follows:

<u>Corporate</u>
- A placement was successfully completed in August 2017 to a number of domestic and international investors raising $4.5 million through the issue of 42.9 million shares at an issue price of $0.105 per share.
- The Annual General Meeting was held 3 November 2017 with all resolutions passed.
- A further placement was successfully completed in February 2018 to a number of domestic and international investors raising $8.3 million through the issue of 79.05 million shares at an issue price of $0.105 per share.
- An Extraordinary General Meeting was held 18 July 2018 to ratify prior placements with all resolutions passed.

DIRECTORS' REPORT (Continued)

Exploration and Development

- A new Mineral Resource estimate for the Tampia Gold Project based on the new resource drilling, reported and classified in accordance with the JORC Code (2012), was released being 11.3 million tonnes at 1.91 g/t Au for 695,500 ounces of gold (0.5 g/t Au cut off), more than double the previous 310,000 oz estimate.
- A successful Scoping Study was completed indicating excellent economics based on a standalone mining and processing operation treating 1.5Mtpa. Strong financial metrics include low cost/ high margin (AISC A$888), initial capital A$95M, and low technical risk for a project minelife of six years with a 1.5 year payback.
- A Feasibility Study was completed in May 2018 on the Tampia Gold Project which confirmed it as technically sound and financially robust. Key forecast project metrics include:
    - Initial mine plan of 534 koz gold from 8.0 Mt at 2.07 g/t Au;
    - Initial life of 5.3 years at 1.5 Mtpa throughgput with +100koz pa produced for first two years;
    - Staged single open pit with conventional gravity and CIL processing for average 92% recovery;
    - Estimated all-in sustaining cost (AISC) of A$998/oz over life-of-mine;
    - Pre-production capital cost of A$119M (including A$11M contingency);
    - NPV of A$125M using an 8% discount rate, IRR of 47% and payback of 18 months (all pre-tax and at A$1,650 oz gold).
- Continuous shallow supergene gold mineralisation was intersected immediately west of the Tampia deposit (Mace prospect). Initial footprint covers a 650m long by a 50m wide area with an average thickness of approximately 5m (from around 8m below surface). Uncut grade of all intersections averages +5g/t Au.
- The distribution, continuity and tenor of the supergene mineralisation has exceeded expectations and is expected to provide significant, additional low-cost ounces to the Tampia project development. Planned infill drilling (3,500m RC) is expected to allow release of a maiden Mace resource by Q4 2018.
- The mineralisation remains open to the west and is closely associated with a gold soil anomaly that extends over a further 12km to the west. The next phase of extensional drilling is already underway and initially targeting a further 500m of potential strike extent.

8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- Shareholders' contributed equity increased from $28,042,168 to $40,141,918, an increase of $12,099,750. The movement was as a result of capital raised from two share placements as well as the exercise of options;
- Deferred Exploration and evaluation costs increased from $10,538,781 to $20,425,852 as a result of the capitalisation of expenses incurred on the Tampia project.

9. SUBSEQUENT EVENTS

On 18 July 2018, the Company held an Extraordinary General Meeting to ratify previous issues of shares and performance rights. All resolutions were unanimously passed on a show of hands. The effect of these ratifications was that the Company refreshed its capacity to issue upto 15% of equity securities without the requirement to obtain shareholder approval under Listing Rule 7.1 and the issue of a further 10% of equity securities without the requirement to obtain shareholder approval under Listing Rule 7.1A.

On 7 September 2018, the Company advised results from recent extensional and infill drilling of the Mace supergene gold deposit.

On 10 September 2018, Ramelius Resources Limited (Ramelius) announced a takeover script offer of one Ramelius share for every four Explaurum shares with no minimum acceptance threshold. The Company has advised shareholders to take no action in relation to the Ramelius offer until they have received the formal recommendation of the Explaurum directors and reasons for that recommendation.

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

DIRECTORS' REPORT (Continued)

10. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The activities of the Company will be focussed on progressing the Tampia Gold Project in Western Australia during the 2019 financial year. The Company intends to complete a bankable feasibility study on Tampia (following the issue of the feasibility study on 30 May 2018) and then proceed to a final investment decision on developing the Tampia Gold Project. Significant exploration effort will continue to be directed towards establishing the scale and scope of the project which is currently open in all directions.

The Directors are unable to comment on the likely results from the Company’s planned activities on Tampia due to the speculative nature of such activities.

11. ENVIRONMENTAL ISSUES

Explaurum Limited is committed to the effective environmental management of all its exploration and development activities. The Group recognises that its field exploration is a temporary land use, and is associated with a range of potential environmental impacts. Prior to commencement of operations, site planning must recognise these potential impacts and lead to the development of effective strategies for their control. During operations, the successful implementation of these strategies is a principal objective of site management. Following decommissioning, the site must be left in a safe and stable state, with all disturbed land successfully rehabilitated to an agreed standard.

The Company has an Environmental Policy in place that explains the site requirements to achieve these objectives including operating in accordance with a site environmental management plan and identification and management of environmental risk and liability. The Company’s activities are subject to compliance with various laws including State and Commonwealth laws relating to the protection of the environment and aboriginal culture and heritage, native title and exploration for minerals. At the time of writing, the Group was not in breach of any environmental regulations regarding any field work undertaken on its exploration tenements.

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

12. DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

13. DIRECTORS’ MEETINGS

The number of directors' meetings held during the financial year and the number of meetings attended by each director are:

	Directors’ Meetings	
Director	**Meetings Attended**	**Number Eligible to Attend**
Chris Baker	12	12
John Lawton	12	12
Stephen Stroud	12	12

DIRECTORS' REPORT (Continued)

14. REMUNERATION REPORT (AUDITED)

Remuneration Policy

This remuneration report for the financial year ended 30 June 2018 outlines the Director and Executive remuneration arrangements of the Company and the group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report, key management personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the group, directly and indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent and group receiving the highest remuneration. For the purposes of this report, the term 'executive' encompasses the Non-Executive Chairman, Managing Director, General Manager Operations, Non-Executive Directors and Company Secretary of the parent and group. The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive salaries to attract high calibre executives;
- Links executive rewards to shareholder value through the issue of share options or performance shares;
- Establishes appropriate performance hurdles under its share option scheme through key corporate milestones that are integral to the Company successfully completing its business plan.

The Board collectively develops and assesses the remuneration policy and practices of the Directors, Managing Director (MD) and Senior Executives who report directly to the MD.

Such assessment will incorporate the development of remuneration policies and practices which will enable the Company to attract and retain executives who will create value for shareholders. Executives will be fairly and responsibly rewarded having regard to the performance of the Company, the performance of the executive and the general market environment.

The Board undertakes its own self-evaluation annually and considers attributes such as the qualitative and quantitative nature of the review, and the mix between total Board review and individual Director review.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-executive Director and Senior Executive remuneration is separate and distinct.

Non-executive Director Remuneration

Objective - The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure - The Constitution of Explaurum Limited specifies that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the General Meeting held on 7 April 2016 when shareholders approved a maximum aggregate amount of $150,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process. The amounts are set at a level that compensates the Directors for their significant time commitment in overseeing the progression of the Group's business plan.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Non-executive Director Remuneration (continued)

Each Non-executive Director receives a fee for being a Director of the Company. No additional committee fees are paid to any Director. The current fee structure is to pay Non-executive Directors a base annual remuneration of $45,000 p.a. including superannuation with the Chairman being paid a 50% loading or remuneration of $67,500 p.a. There are no retirement benefits offered to Non-executive Directors other than statutory superannuation.

Non-executive independent Directors are also encouraged by the Board to hold shares in the Company. It is considered good governance for Directors to have a stake in the Company on whose Board he or she sits. The remuneration of Non-executive Directors for the period ending 30 June 2018 is detailed in this report.

Executive Director and Senior Management Remuneration

Objective - The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward Executives for Company, business division and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of Executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure - The Executive Directors' and key Executives' emoluments are structured to retain and motivate Executives by offering a competitive base salary together with performance incentives through share options which allow Executives to share in the success of Explaurum Limited.

The Company's Managing Director and General Manager Operations remuneration packages are formalised in service agreements.

Remuneration consists of the following key elements:

- Fixed Remuneration – Base salary and superannuation;
- Variable Remuneration – Annual cash incentive, Share Options and Performance Rights.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review of Company and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. The Board has access to external advice independent of management.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Variable Remuneration – Share Options

Objective - The objective of the Explaurum Option Plan is to retain, motivate and reward senior Executives and staff in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure – Variable remuneration is delivered to executives in the form of share options and performance rights.

The Company intends to use a Total Shareholder Return (TSR) as the performance hurdle for the Explaurum Option Plan. The use of a TSR based hurdle is currently market best practice as it ensures an alignment between comparative shareholder return and reward for executives. The Board considers at this stage in the Company's development, that share price growth itself is an adequate measure of TSR. A performance hurdle against profit is considered inappropriate as the Company is not generating revenue and will not do so until a project is advanced to a production phase. Due to the long lead times in resource development, the Company considers that shareholder wealth in its current phase is created through share price growth.

Company Performance – The table below sets out information about the Company's share price performance for the past five years up to and including the current financial year.

	2018	2017	2016	2015	2014
Share price at year end (c)	8.0	11.0	6.7	4.0	4.0

(a) Details of Key Management Personnel

(i) Specified Directors

Chris Baker Non-Executive Chairman - appointed 11 September 2015
John Lawton Managing Director - appointed 11 September 2015
Stephen Stroud Non-Executive Director - appointed 21 January 2016

(ii) Specified Executives

Greg Partington General Manager Operations- appointed 11 September 2015
Paul Frederiks CFO & Company Secretary - appointed 11 September 2015

Executive Directors' remuneration and other terms of employment are reviewed annually by the Non-Executive Directors having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in the Remuneration Report, no Director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Group or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Group.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

(b) Remuneration of Key Management Personnel

Details of Remuneration for the years ended 30 June 2018 and 30 June 2017

	Short-term benefits		Equity Compensation		Post-employment		
	Base Salary and Fees $	Bonus $	Value of Options $	Value of Performance Rights	Super-annuation Contributions $	TOTAL $	Portion in Equity
Directors							
Chris Baker							
2018	61,875	-	32,718	46,509	-	141,102	56%
2017	60,000	-	17,279	-	-	77,279	22%
John Lawton							
2018	264,394	45,000	166,617	115,390	26,439	617,840	46%
2017	253,114	-	87,997	-	25,126	366,237	24%
Mark Calderwood (Resigned 8/8/16)							
2018	-	-	-	-	-	-	
2017	2,810	-	-	-	267	3,077	
Stephen Stroud							
2018	37,671	-	21,812	61,816	3,579	124,878	67%
2017	31,507	-	11,520	-	2,993	46,020	25%
Total 2018	**363,940**	**45,000**	**221,147**	**223,715**	**30,018**	**883,820**	**50%**
Total 2017	**347,431**	**-**	**116,796**	**-**	**28,386**	**492,613**	**24%**
Specified Executives							
Gregor Partington							
2018	167,866	30,000	79,976	28,815	15,833	322,490	34%
2017	180,291	-	42,239	-	17,099	239,629	18%
Paul Frederiks							
2018	138,868	-	58,165	21,405	-	218,438	36%
2017	137,845	-	30,719	-	-	168,564	18%
Total 2018	**306,734**	**30,000**	**138,141**	**50,220**	**15,833**	**540,928**	**35%**
Total 2017	**318,136**	**-**	**72,958**	**-**	**17,099**	**408,193**	**18%**

Performance income as a proportion of total income
A bonus was paid during the year to the Managing Director and the Operations Manager. These bonuses amounted to 6.0% of total income (2017 – nil).

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

(c) Number of Shares held by Key Management Personnel

Year from 1 July 2017 to 30 June 2018
Directors

	Balance at beginning of year	Exercise of options	Purchased /(Sold)	Balance at end of year
Chris Baker	210,831	-	-	210,831
John Lawton	2,292,232	[1]1,500,000	-	3,792,232
Stephen Stroud	578,228	-	-	578,228
	3,081,291	**1,500,000**	**-**	**4,581,291**

Specified Executives

	Balance at beginning of year	Net Change Other	Purchased /(Sold)	Balance at end of year
Gregor Partington	327,848	[2]2,000,000	-	2,327,848
Paul Frederiks	270,004	-	-	270,004
	597,852	**2,000,000**	**-**	**2,597,852**

Year from 1 July 2016 to 30 June 2017
Directors

	Balance at beginning of year	Net Change Other	Purchased /(Sold)	Balance at end of year
Chris Baker	103,688	-	107,143	210,831
John Lawton	2,192,232	-	100,000	2,292,232
Stephen Stroud	524,656	-	53,572	578,228
Mark Calderwood	3,870,000	(3,870,000)[3]	-	-
	6,690,576	**(3,870,000)**	**260,715**	**3,081,291**

Specified Executives

	Balance at beginning of year	Net Change Other	Purchased /(Sold)	Balance at end of year
Gregor Partington	827,848	300,000	(800,000)	327,848
Paul Frederiks	270,004	-	-	270,004
	1,097,852	**300,000**	**(800,000)**	**597,852**

1 John Lawton increased his shareholding through the exercise of options
2 Gregor Partington increased his shareholding through the exercise of options
3 Mark Calderwood ceased being a KMP on 8 August 2016

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

(d) Number of Performance Rights held by Key Management Personnel

Year from 1 July 2017 to 30 June 2018
Directors

	Balance at beginning of year	Granted during year	Vested / Exercised	Balance at end of year
Chris Baker	-	2,370,000	-	2,370,000
John Lawton	-	5,880,000	-	5,880,000
Stephen Stroud	-	3,150,000	-	3,150,000
	-	**11,400,000**	**-**	**11,400,000**

Specified Executives

	Balance at beginning of year	Granted during year	Vested / Exercised	Balance at end of year
Gregor Partington	-	3,500,000	-	3,500,000
Paul Frederiks	-	2,600,000	-	2,600,000
	-	**6,100,000**	**-**	**6,100,000**

There were no Performance Rights granted in the previous year.

The total Performance Rights granted comprised three equal tranches to each director/employee and tranches of the Performance Rights will vest if the relevant Performance Condition set out below is met:

Tranche	Performance Condition
Tranche 1	The Company's 10 trading day VWAP is at least $0.25.
Tranche 2	The Company's 10 trading day VWAP is at least $0.35.
Tranche 3	The Company's 10 trading day VWAP is at least $0.45.

All Vested Performance Rights will lapse by no later than three years after the date of grant. The Plan Rules provide that Vested Performance Rights may lapse before the Last Exercise Date in certain circumstances such as, if the Participant's employment with the Company ends. The weighted average fair value of the Performance Rights granted to Directors in December 2017 was 7.6 cents per Performance Right (refer to Indicative value outlined on Notice of Meeting dated 3 November 2017 when shareholders subsequently approved the issue of these Performance Rights). The fair value of the Performance Rights granted to Executives in March 2018 was 7.1 cents per Performance Right. Directors and Executives must be employed or contracted to the Company at the time of exercise unless they have ceased due to death or permanent disablement in which case the Board has a discretion to determine whether the Performance Rights should vest wihin a period not exceeding 6 months. There is no minimum grant of Performance Rights under the plan rules. The maximum grant of Performance Rights is 100% of the plan.

Performance Rights cannot be exercised if at the time of the exercise of the Performance Right the exercise of the Performance Right would, or in the reasonable opinion of the Board, be likely to result in a contravention of the Constitution of the Company, ASX's Listing Rules or the Corporations Act 2001.

Each Performance Right once exercised will result in the issue of one fully paid ordinary share.

REMUNERATION REPORT (Audited) (Continued)

(e) Number of Options held by Key Management Personnel

Year from 1 July 2017 to 30 June 2018
Directors

	Balance at beginning of year	Granted during year	Options Exercised /other	Balance at end of year
Chris Baker	2,456,955	-	-	2,456,955
John Lawton	10,884,717	-	(1,500,000)	9,384,717
Stephen Stroud	805,971	-	-	805,971
	14,147,643	**-**	**(1,500,000)**	**12,647,643**

Specified Executives

	Balance at beginning of year	Granted during year	Options Exercised	Balance at end of year
Gregor Partington	5,815,224	-	(2,000,000)	3,815,224
Paul Frederiks	4,513,254	-	-	4,513,254
	10,328,478	**-**	**(2,000,000)**	**8,328,478**

There were no options granted during the financial year.

Year from 1 July 2016 to 30 June 2017
Directors

	Balance at beginning of year	Granted during year	Options Exercised /other	Balance at end of year
Chris Baker	1,248,000	1,208,955	-	2,456,955
John Lawton	4,728,000	6,156,717	-	10,884,717
Stephen Stroud	-	805,971	-	805,971
Mark Calderwood	250,000	-	(250,000)	-
	6,226,000	**8,171,643**	**(250,000)**	**14,147,643**

Specified Executives

	Balance at beginning of year	Granted during year	Options Exercised	Balance at end of year
Gregor Partington	3,160,000	2,955,224	(300,000)	5,815,224
Paul Frederiks	2,364,000	2,149,254	-	4,513,254
	5,524,000	**5,104,478**	**(300,000)**	**10,328,478**

REMUNERATION REPORT (Audited) (Continued)

(e) Number of Options held by Key Management Personnel (continued)

Exercise period for options issued to the Managing Director and operational staff
A total of 9,649,255 options

One third of the options will vest upon the announcement of a measured and indicated resource greater than 500,000 ounces at the Tampia Gold Project AND the satisfaction of a 15% per annum compound share price increase from the date of issue; One third of the options will vest upon the announcement of completion of a feasibility study on the Tampia Gold Project to the satisfaction of the Board AND the satisfaction of a 15% per annum compound share price increase from the date of issue; One third of the options will vest upon the announcement of the achievement of all material consents and approvals to enable mine development at Tampia to proceed AND the satisfaction of a 15% per annum compound share price increase from the date of issue.

Exercise period for options issued to the Non-executive Directors and administration/support staff
A total of 4,567,166 options

One third of the options will vest 12 months after the date of issue and will be exercisable from the first date that the volume weighted average share price for a day is 15% higher than the share price at the date of issue. One third of the options will vest 24 months after the date of issue and will be exercisable from the first date that the volume weighted average share price for a day is 15% per annum compound higher than the share price at the date of issue. One third of the options will vest 36 months after the date of issue and will be exercisable from the first date that the volume weighted average share price for a day is 15% per annum compound higher than the share price at the date of issue.

(f) Employment Contracts of Directors and Senior Executives

The Company's remuneration packages for the Managing Director (Mr John Lawton) and General Manager Operations (Dr Gregor Partington) are formalised in service agreements.

The Managing Director has a permanent employment contract with the Company with effect from 1 October 2016 to perform the role of Managing Director subject to an annual remuneration review. Under that contract, John Lawton is entitled to receive annual remuneration including superannuation of $320,000 (2017: $250,000). In addition he is entitled to be paid an incentive bonus of up to $100,000 at the discretion of the Board on a calendar year basis to be determined equally on the Company's share price performance from a 1 January base and the achievement of operational milestones. In particular, the latter will be assessed to the extent to which the Company's business plan is achieved or exceeded.

The Managing Director may terminate the agreement by one month's written notice if there is a change of control of Explaurum and the Managing Director forms the reasonable opinion that he will not be able to implement his strategy or plans for the development of the Company or its projects. If the agreement is terminated by the Managing Director in either of those circumstances, the Company must pay the Managing Director, in addition to any period of notice (or in lieu of notice), the equivalent of twelve months' salary. Otherwise, the Managing Director may terminate the agreement by six months' written notice. In addition to the above, the Company agrees to pay a loyalty bonus equivalent to one year's salary component and superannuation if a takeover bid for the Company is declared unconditional and the bidder holds voting power of at least 50.1% in the Company or the composition of the board changes such that persons who were not board members at 1 October 2016 become the majority of the Board. The loyalty bonus is in consideration of past service, loyalty and past remuneration paid at lower than market rates.

The Company may at any time terminate the employment contract of the Managing Director by paying six months salary provided the managing Director has been employed by the Company for no less than 12 months or by giving six months' notice. In the case of misconduct no notice is required and in the case of non-performance under the contract then one months' notice is required.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

(f) Employment Contracts of Directors and Senior Executives (Continued)

The General Manager Operations has a permanent employment contract with the Company with effect from 1 October 2016 to perform the role of managing the Company's exploration programs subject to an annual remuneration review. Under that contract, the General Manager Operations is entitled to receive annual remuneration including superannuation of $200,000 (2017: $165,000) for 30 hours service per week. In addition he received a bonus at the discretion of the board during the year of $30,000.

The General Manager Operations may terminate the agreement by one month's written notice if there is a change of control of Explaurum and the General Manager Operations forms the reasonable opinion that he will not be able to implement his strategy or plans for the development of the Company or its projects. If the agreement is terminated by the General Manager Operations in those circumstances, the Company must pay the General Manager Operations, in addition to any period of notice (or in lieu of notice); the equivalent of twelve month's salary. Otherwise the General Manager Operations may terminate the agreement by three months written notice. In addition to the above, the Company agrees to pay a loyalty bonus of $65,000 if a takeover bid for the Company is declared unconditional and the bidder holds voting power of at least 50.1% in the Company or the composition of the board changes such that persons who were not board members at 5 July 2017 become the majority of the Board. The loyalty bonus is in consideration of past service, loyalty and past remuneration paid at lower than market rates.

The Company may at any time terminate the employment of the General Manager Operations by paying three months' salary or by giving three months' notice. In the case of misconduct no notice is required and in the case of non-performance under the contract then one months' notice is required.

The CFO and Company Secretary operates a consultancy business providing Company Secretarial and Accounting services (see profile in Director's Report). His consultancy is paid for services on normal commercial terms.

15. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's Constitution requires it to indemnify Directors and officers of any entity within the Group against liabilities incurred with third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. Directors and officers of the Group have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premium, amounting to $11,810 (including GST) relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome.
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

DIRECTORS' REPORT (Continued)

16. OPTIONS

As at the date of this report, there were 22,575,116 options on issue.

	Number	Exercise Price	Expiry Date
Unlisted Options	8,000,000	9.8 cents	22 September 2019
Unlisted Options	14,216,421	7 cents	10 November 2020
Unlisted Options	358,695	9.6 cents	17 May 2021

There were nil (2017 - 22,575,116) options issued during the year ended 30 June 2018. There were no options issued after 30 June 2018 and up to the date of this report. During or since the end of the financial year, the Company issued a total of 11,200,000 (2017 - 5,383,355) ordinary shares as a result of the exercise of options.

17. PERFORMANCE RIGHTS

As at the date of this report, there were 19,000,000 Performance Rights on issue.

	Number	Expiry Date
Unlisted Performance Rights	11,400,000	10 November 2020
Unlisted Performance Rights	7,600,000	16 March 2021

There were 19,000,000 (2017 - nil) Performance Rights issued during the year ended 30 June 2018. There were no Performance Rights issued after 30 June 2018 and up to the date of this report. During or since the end of the financial year, the Company has not issued any ordinary shares as a result of vested Performance Rights.

18. INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

19. AUDITOR'S INDEPENDENCE DECLARATION

The auditor, Ernst & Young, has provided the Board of Directors with an Independence Declaration in accordance with section 307C of the Corporations Act 2001. The Independence Declaration is located on page 27 and forms part of this Directors' Report for the year ended 30 June 2018.

20. NON - AUDIT SERVICES

The board of directors are satisfied that no non-audit services were performed during the year by the Group's auditors.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors.

Chris Baker
Chairman
19 September 2018

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Explaurum Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Explaurum Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's governance approach aims to achieve exploration, development and financial success while meeting stakeholders' expectations of sound corporate governance practices by proactively determining and adopting the most appropriate corporate governance arrangements.

ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. A description of the Company's main corporate governance practices is set out below. The Corporate Governance Statement is current as at 30 June 2018, and has been approved by the Board of Directors. All these practices, unless otherwise stated, were in place for the entire year. They comply with the ASX *Corporate Governance Principles and Recommendations (3rd edition).*

The Company's website at **www.explaurum.com** contains a corporate governance section that includes copies of the Company's corporate governance policies.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1:
Companies should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the Board and those delegated to management and disclose those functions.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of the senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board is responsible for:

- Determining the vision and objectives of the Company;
- Overseeing and fostering an appropriate culture for the Company that is directly aligned to its values, strategies and objectives;
- Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Identifying all areas where written board policy is required, detailing the policies, and overseeing the implementation and monitoring of compliance;
- Formulating short term and long term strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- Approving and monitoring the progress of major expenditure and acquisitions and divestments;
- Approving the annual budgets, and ensuring these are aligned with the Company's strategic objectives;
- Being responsible for the Company's senior management and personnel including appointing and, where appropriate, removing the Chairman;
- Ratifying the appointment, and where appropriate, the removal of the Executive Directors and the Company Secretary;
- Evaluating the performance of the senior management team and determining their remuneration;
- Delegating appropriate powers to senior management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- Ensuring that policies and procedures are in place consistent with the Company's objectives, and that the Company and its officers act legally, ethically and responsibly in all matters.
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy.

The Managing Director is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

The Managing Director's specific responsibilities include:

- Responsibility for the achievement of corporate goals and objectives;
- Development of short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- Implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
- Assessment of business opportunities of potential benefit to the Company;
- Establish and maintain effective and positive relationships with Board members, shareholders, the investment community and other government and business liaisons;
- Undertake the role of key company spokesperson;
- Ensure statutory, legal and regulatory compliance and comply with corporate policies and standards;
- Ensure appropriate risk management practices and policies are in place; and
- Select and appoint staff.

This statement of matters reserved for the Board and areas of delegated authority to the Managing Director and senior executives is contained in the Board Charter posted on the Company's website.

Recommendation 1.2:
Companies should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background.

All security holder releases will contain material information about any candidate to enable an informed decision to be made on whether or not to elect or re-elect a director.

Recommendation 1.3:
Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Managing Director has a formal employment contract and the non-executive directors have a letter of appointment including a director's interest agreement with respect to disclosure of security interests. The other senior executives also have formal written agreements setting out their terms of appointment.

Recommendation 1.4:
The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company Secretary has a direct reporting line to the Board, through the Chair.

Recommendation 1.5:
The Company should establish a policy concerning diversity and disclose the policy or summary of the policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. The Diversity Policy can be viewed on the Company's website.

The Company has five staff (excluding the Non-executive directors), one of which is a woman. There are no women in senior executive positions or on the board.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendation 1.6:
The Company should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Due to the size of the Board and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of individuals. The Chairman conducted an informal review during the financial year whereby the performance of the Board as a whole and the individual contributions of each Director were discussed. The board considers that at this stage of the Company's development an informal process is appropriate.

Recommendation 1.7:
The Company should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board undertakes a review of the senior executives' performance, at least annually, including setting the goals for the coming year and reviewing the achievement of these goals.

Performance has been measured to date by the efficiency and effectiveness of the enhancement of the Company's mineral interest portfolio, the designing and implementation of the exploration and development programme and the securing of ongoing funding so as to continue its exploration and development activities. This performance evaluation is not based on specific financial indicators such as earnings or dividends as the Company is at the exploration stage and during this period is expected to incur operating losses.

Due to the size of the Company and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of senior executives. The Chairman conducted an informal review process whereby he discussed with the Technical Director the approach toward meeting the short and long term objectives of the Company. The board considers that at this stage of the Company's development an informal process is appropriate.

Principle 2: Structure the board to add value

Recommendation 2.1:
The Board should establish a Nomination Committee which the majority should be independent directors (including the Chair).

The Company does not have a nomination committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Directors are appointed under the terms of the Company's constitution. Appointments to the Board are based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise, and experience of the board. The categories considered necessary for this purpose are a blend of accounting and finance, business, technical and administration skills. Casual appointments must stand for election at the next annual general meeting of the Company.

Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. All Directors, with the exception of the Managing Director (if appointed), serve for a period of three years before they are requested to retire and if eligible offer themselves for re-election.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendation 2.2:
The Company should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

	C. Baker	J. Lawton	S. Stroud
Strategy	X	X	X
Communication	X	X	X
Fundraising		X	X
Mining Industry	X	X	X
Risk	X	X	X
Governance	X	X	
OH&S		X	
Environmental		X	
Accounting & Legal			X

Each director has the right of access to all relevant company information and to the Company's employees and, subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified adviser at the Company's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the board.

Recommendation 2.3:
The Company should disclose the names of the directors considered to be independent directors and length of service of each director.

The names, experience and responsibilities of Directors of the Company in office at the date of this statement are set out in the Directors' Report (including names of the directors considered to be independent directors and length of service of each director).

Recommendation 2.4:
A majority of the Board of the Company should be independent directors.

In assessing whether a director is classified as independent, the Board considers the independence criteria set out in the ASX Corporate Governance Council Recommendation 2.1 and other facts, information and circumstances deemed by the Board to be relevant. Using the ASX Best Practice Recommendations on the assessment of the independence of Directors, the Board considers that of a total of three Directors, Mr Baker and Mr Stroud are independent and therefore the Company does have a majority of independent directors. The Company considers that each of the directors possesses the skills and experience suitable for building the Company and that the current composition of the Board is appropriate for the Company's current size and operations.

The Board takes the responsibilities of best practice in corporate governance seriously. It is the Board's intention to review its composition on a continual basis as the Company's expands its activities and greater demands and skills amongst Directors become necessary.

Recommendation 2.5:
The Chair of the Board should be an independent director, and should not be the CEO of the Company.

The Chairman is considered the "lead" Director and utilises his experience, skills and leadership abilities to facilitate the governance processes. The Board considers that the Chairman, Mr Chris Baker, is an independent Director.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendation 2.6:
The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Board Charter provides for induction and professional development for the Board.

Principle 3: Act ethically and responsibly

Recommendation 3.1:
Companies should have a Code of Conduct for its directors, senior executives and employees.

The Company has developed a Code of Conduct (the Code) which has been endorsed by the Board and applies to all employees, Directors and officers. The Code may be amended from time to time as necessary to ensure it reflects the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders. The Code outlines the responsibility and accountability of Company personnel to report and investigate reports of unethical practices. A copy of the Code is available on the Company's website.

Trading in Company securities is regulated by the Corporations Act and the ASX Listing Rules. The Board makes all Directors, officers and employees aware on appointment that it is prohibited to trade in the Company's securities whilst that Director, officer or employee is in the possession of price sensitive information.

For details of shares held by Directors and officers please refer to the Directors' Report. Directors are required to report to the Company Secretary any movements in their holdings of Company securities, which are reported to ASX in the required timeframe prescribed by the ASX Listing Rules.

Principle 4: Safeguard Integrity in Financial reporting

Recommendation 4.1
The Board should have an Audit Committee.

The Company does not have an audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of an audit committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee.

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

It is Ernst & Young's policy to rotate audit engagement partners on listed companies at least every 5 years.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendation 4.2
The Board of the Company should, before it approves the Company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Managing Director and the Company Secretary have declared in writing to the Board that the Company's financial statements for the year ended 30 June 2018 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards, that this is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively. This representation is made by the Managing Director and Company Secretary prior to the Director's approval of the release of the annual and half yearly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

Recommendation 4.3
The Company should ensure that the external auditor is present at the AGM and be available to answer questions from security holders relevant to the audit.

The Company invites the auditor or representative of the auditor to the AGM.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:
Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.

The Company has developed a Continuous Disclosure Policy which has been endorsed by the Board. The Continuous Disclosure Policy ensures compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of information which may have a material effect on the price or value of its securities and outlines accountability at a senior executive level for that compliance. All ASX announcements are automatically posted to the Company's website immediately after confirmation of receipt is received from ASX, including all financial reports.

Principle 6 – Respect the rights of security holders

Recommendation 6.1:
Companies should provide information about itself and its governance to investors via its website.

The Company is committed to maintaining a Company website with general information about the Company and its operations, information about governance and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by the ASX, the following are posted to the Company's website:

- relevant announcements made to the market via the ASX;
- notices of meetings;
- investment updates;
- company presentations and media releases;
- copies of press releases and announcements for (at least) the preceding three years; and
- copies of annual, half-yearly and quarterly reports including financial statements for (at least) the preceding three years.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendations 6.2 and 6.3:
Companies should design and implement an investor relations program to facilitate two-way communication with investors.

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

The Managing Director makes himself available to meet shareholders and regularly responds to enquiries made via telephone or email. The Managing Director also completes periodic investor presentations to facilitate engagement with investors and other financial market participants.

The Board encourages full participation of shareholders at the Annual General Meeting. In preparing for general meetings of the Company, the Company drafts the notice of meeting and related explanatory information so that shareholders are provided with all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. The Company allows shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting. The external auditor of the Company is asked to attend each annual general meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Important issues are presented to the shareholders as single resolutions. The shareholders are also responsible for voting on the appointment of Directors.

Recommendation 6.4:
Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Information about the Company is regularly emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses and on submitting information requests with the Company is available on the Company's website. Shareholders can receive communications from, and send communications to, the Company's security registry electronically.

Principle 7 – Recognise and manage risk

Recommendation 7.1:
The Board should have a committee or committees to oversee risk.

The Company is not currently of a size to require the formation of committees to oversee risk. The full Board has the responsibility for the risk management, compliance and internal controls systems of the Company.

Senior management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. The Company's risk management policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the Company's business. The Company adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. The risks involved in a resources sector company and the specific uncertainties for the Company continue to be regularly monitored. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendation 7.2:
The Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.

The Board considers risks and discusses risk management at each Board meeting. Review of the risk management framework is an on-going process rather than an annual formal review. The Company's main areas of risk include:

- Geological and technical risk posed to exploration and commercial exploitation success;
- Sovereign risk, change in government policy, change in mining and fiscal legislation;
- Prevention of access by reason of inability to obtain regulatory or landowner consents or approvals, or native title issues;
- Retention of key staff;
- Change in metal market conditions;
- Mineral title tenure and renewal risks; and
- Capital requirement and lack of future funding.

Recommendation 7.3:
The Company should disclose if it has an internal audit function.

The Company does not have an internal audit function. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of an internal audit function at this time. The Board as a whole regularly evaluates and improves the effectiveness of its risk management (refer above) and internal control processes.

Recommendation 7.4:
The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the mineral exploration industry, the Company does not currently have material exposure to environmental and social sustainability risks.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:
The Board should have a Remuneration Committee.

The Company does not have a remuneration committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a remuneration committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendation 8.2:
Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company provides disclosure of all Directors and executives remuneration in its annual report.

The remuneration policy of Explaurum has been designed to align Director's objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of Explaurum believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company. Directors remuneration is approved by resolutions of the Board. The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

Non-Executive Directors
The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Payments to the Non-Executive Directors are reviewed annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. Non-Executive Directors are entitled to receive incentive options (subject to shareholder approval) as it is considered an appropriate method of providing sufficient reward whilst maintaining cash reserves. There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

Executives
The senior executives of the Company are the Managing Director, the General Manager Operations and Company Secretary. The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, the remuneration of senior executives may be comprised of the following:

- fixed salary or fee that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any option scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and increase performance. The value of shares and incentive options were they to be granted to senior executives would be calculated using the Black-Scholes-Merton option pricing model.

The objective behind using this remuneration structure is to drive improved performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, incentive share options and other incentive payments.

For details of remuneration paid to Directors and officers for the financial year please refer to the Directors' Report and Note 3 to the Financial Statements.

Recommendation 8.3:
A Company which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or summary of it.

The Company does not have an equity based remuneration scheme which is affected by this recommendation. Recipients of equity-based remuneration (e.g. incentives options) are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors of Explaurum Limited

As lead auditor for the audit of Explaurum Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Explaurum Limited and the entities it controlled during the financial year.

Ernst & Young

Andrew Carrick
Partner
19 September 2018

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2018

	NOTE	CONSOLIDATED 30 June 2018 $	CONSOLIDATED 30 June 2017 $
CONTINUING OPERATIONS			
REVENUES			
Interest income		58,320	66,680
Gain on disposal of available-for-sale assets		-	81,862
Total revenue		58,320	148,542
EXPENSES			
Other corporate overheads		(863,801)	(691,962)
Employee benefits expense		(420,099)	(365,047)
Share based payment expense		(678,055)	(263,945)
Foreign exchange gain / (loss)		(633)	(114)
Depreciation and amortisation		(26,913)	(12,977)
Loss before income tax		**(1,931,181)**	**(1,185,503)**
Income tax benefit / (expense)	2	-	-
Net loss for the year		**(1,931,181)**	**(1,185,503)**
Other Comprehensive income/(loss)			
Gain on disposal of available-for-sale assets		-	(133,200)
Other Comprehensive income/ (loss) for the year, net of tax		**-**	**(133,200)**
Total Comprehensive Loss for the year		**(1,931,181)**	**(1,318,703)**
Loss attributable to:			
Owners of the Parent		**(1,931,181)**	**(1,185,503)**
Non-controlling interests		**-**	**-**
		(1,931,181)	**(1,185,503)**
Total comprehensive gain / (loss) attributable to:			
Owners of the Parent		**(1,931,181)**	**(1,318,703)**
Non-controlling interests		**-**	**-**
		(1,931,181)	**(1,318,703)**
Basic and Diluted loss per share (cents per share)	15	**(0.46)**	**(0.38)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	NOTE	CONSOLIDATED 30 June 2018 $	30 June 2017 $
CURRENT ASSETS			
Cash and cash equivalents	4	3,389,571	2,354,777
Trade and other receivables	5	403,947	309,602
TOTAL CURRENT ASSETS		**3,793,518**	**2,664,379**
NON CURRENT ASSETS			
Plant and equipment	6	142,421	73,309
Deferred exploration & evaluation costs	7	20,425,852	10,538,781
TOTAL NON CURRENT ASSETS		**20,568,273**	**10,612,090**
TOTAL ASSETS		**24,361,791**	**13,276,469**
CURRENT LIABILITIES			
Trade and other payables	8	1,508,381	1,307,769
Provision for employee benefits	9	100,710	62,624
TOTAL CURRENT LIABILITIES		**1,609,091**	**1,370,393**
TOTAL LIABILITIES		**1,609,091**	**1,370,393**
NET ASSETS		**22,752,700**	**11,906,076**
EQUITY			
Issued capital	10	40,141,918	28,042,168
Reserves	11	4,288,923	3,610,868
Accumulated losses	12	(21,678,141)	(19,746,960)
TOTAL EQUITY		**22,752,700**	**11,906,076**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	NOTE	CONSOLIDATED 30 June 2018 $	30 June 2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,351,983)	(1,117,095)
R&D refund Received		101,518	-
GST Received		1,070,791	451,232
Interest received		45,468	63,489
Net cash flows used in operating activities	13(a)	**(134,206)**	**(602,374)**
Cash flows from investing activities			
Payments for plant and equipment		(96,025)	(79,134)
Proceeds from disposal of available for sale assets		-	548,062
Payments for exploration expenditure		(10,834,725)	(5,792,434)
Net cash flows used in investing activities		**(10,930,750)**	**(5,323,506)**
Cash flows from financing activities			
Proceeds from issue of shares and options		12,905,000	8,071,671
Issue costs - shares and options		(805,250)	(427,344)
Net cash flows from financing activities		**12,099,750**	**7,644,327**
Net increase / (decrease) in cash and cash equivalents		**1,034,794**	**1,718,447**
Cash and cash equivalents at beginning of year		2,354,777	636,330
Effects of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at end of year	4	**3,389,571**	**2,354,777**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

CONSOLIDATED

	Issued Capital $	Accumulated Losses $	Share based payment Reserve $	Total $
Balance as at 1 July 2017	**28,042,168**	**(19,746,960)**	**3,610,868**	**11,906,076**
Loss for the year	-	(1,931,181)	678,055	(1,253,126)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the year	-	(1,931,181)	678,055	(1,253,126)
Shares issued during the year (net)	12,099,750	-	-	12,099,750
Balance at 30 June 2018	**40,141,918**	**(21,678,141)**	**4,288,923**	**22,752,700**

	Issued Capital $	Accumulated Losses $	Share based payment Reserve $	Available-for-sale reserve $	Total $
Balance as at 1 July 2016	**20,397,841**	**(18,561,457)**	**3,346,923**	**133,200**	**5,316,507**
Loss for the year	-	(1,185,503)	263,945	-	(921,558)
Other comprehensive income / (loss)	-	-	-	(133,200)	(133,200)
Total comprehensive loss for the year	-	(1,185,503)	263,945	(133,200)	(1,054,758)
Shares issued during the year (net)	7,644,327	-	-	-	7,644,327
Balance at 30 June 2017	**28,042,168**	**(19,746,960)**	**3,610,868**	**-**	**11,906,076**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Explaurum Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available for-sale financial assets that have been measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operated in Australia during the year ended 30 June 2018. The entity's principal activity is mineral exploration. The Company is a for-profit entity.

Going concern

The 30 June 2018 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and discharge of its liabilities as and when they fall due, in the ordinary course of business.

The Group incurred an operating loss after income tax of $1,931,181 for the year ended 30 June 2018, whilst cash balances as at 30 June 2018 were $3,389,571. In addition, the net cash outflows from operating and investing activities was $11,064,956 while net cash inflows from financing activities was $12,099,750.

The Group does not generate revenue and is currently engaging with financiers for the development of the Tampia Gold Project and is confident that it will be able to raise additional capital in future periods to fund its ongoing operations, investment in exploration of the activities and the development of the Tampia Gold project. The ability of the Group to continue as a going concern is dependent on its ability to raise additional funds.

The Directors are confident that the Group will be successful in raising additional funds through the issue of new equity should the need arise.

Should the Group be unsuccessful in raising additional funds through the issue of new equity, there is a material uncertainty that may cause significant doubt as to whether or not the Group will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Adoption of new and revised standards

Certain Australian Accounting Standards and interpretations became effective during the period. These has an immaterial effect on the Company for the annual reporting period ended 30 June 2018.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period. The following accounting standards and interpretations will apply to future periods. Due to the operations of the Group it is not expected these standards will have a material impact on the Group however management make the following observations:

- AASB 9 Financial Instruments (effective 1 July 2018) - The Group does not believe that there will be a material financial impact to either the statement of profit or loss or the statement of financial position once the accounting standard is adopted.
- AASB 15 Revenue from Contracts with Customers (effective 1 July 2018) - Based on procedures performed to date the Group does not expect there to be any material changes to net assets upon adoption.
- AASB 16 Leases (effective 1 July 2019) - The Group has leases in place at balance date with a total commitment of $10,682 (Note 22) and therefore we do not expect the new standard to have material impacts on the Group's financial statements.
- AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective 1 July 2018).

(c) Statement of compliance

The financial report was authorised for issue in accordance with a resolution of the directors on 19 September 2018.

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

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Explaurum Limited ('Company' or 'parent entity') and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability in its power to affect 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 three elements listed above.

When the Company has less than a majority of the voting rights in an investee, it has the 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 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 other 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 shareholder 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, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income 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 and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(e) Income Tax

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

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

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

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity, not in the statement of comprehensive income.

(f) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure in relation to each separate area of interest is recognised as an exploration and evaluation asset in the year in which it is incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Management have performed an assessment for triggers of impairment and have not identified any significant indicators of impairment of exploration and evaluation assets. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(j) Trade and other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(k) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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

(m) Earnings per share

Basic earnings per share is calculated as net profit / loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (“ATO”). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the statement of comprehensive income.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income.

(p) Financial Assets

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes party to the contractual provisions of the financial instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and financial liabilities classified as held for trading are measured at fair value through profit or loss.

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss when:

(a) an entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through profit or loss.

(b) doing so results in more relevant information, because either:

  (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases; or

  (ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through profit or loss.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets not measured at fair value comprise:

(a) loans and receivables being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest rate method.

(b) held-to-maturity investments being non-derivative financial assets with fixed or determinable payments and fixed maturity that will be held to maturity. These are measured at amortised cost using the effective interest method.

(c) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. These are measured at cost together with derivatives that are linked to and must be settled by the delivery of such investments.

Available-for-sale financial assets are non-derivative financial assets which are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or financial assets as at fair value through profit or loss.

A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity (except for impairment losses and foreign exchange gains and losses) until the financial asset is derecognised at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Regular way purchases of financial assets are accounted for as follows:

- financial assets held for trading - at trade date
- held-to-maturity investments - at trade date
- loans and receivables - at trade date
- available-for-sale financial assets - at trade date

Except for the following all financial liabilities are measured at amortised cost using the effective interest rate method.

(a)financial liabilities at fair value through profit and loss and derivatives that are liabilities measured at fair value.

(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or are accounted for using the continuing involvement approach.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or uncollectability.

(q) Foreign Currency Translation

Both the functional and presentation currency of Explaurum Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(r) Plant and Equipment

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

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment – 3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(s) Issued Capital

Ordinary shares and listed options are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Segment Reporting

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

(u) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(v) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Share-based payment transactions

Equity settled transactions

The Group provides benefits to employees and consultants of the Group in the form of share-based payments, whereby the recipients render services in exchange for shares or rights over shares (equity-settled transactions).

There is a formal Employee Option Plan in place at present and options are issued when necessary in order to provide these benefits to employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 13. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Explaurum Limited (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings / loss per share (see Note 15).

(x) Critical accounting estimates and judgement

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values 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 are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure is set out in Note 1 (f). The application of this policy necessarily requires the Board to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is concluded that the expenditures are unlikely to be recoverable by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes-Merton model, using various assumptions.

(y) Parent entity financial information

The financial information for the parent entity, Explaurum Limited, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements.

(z) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is offset against the underlying asset being constructed.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

2. INCOME TAX

	CONSOLIDATED	
	30 June 2018 **$**	**30 June 2017** **$**
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Accounting loss before tax	**1,931,181**	**1,185,502**
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2017: 27.5%)	531,075	326,013
Less tax effect of:		
- Other non-allowable items	(186,465)	(72,785)
Less tax effect of:		
- Other deferred tax balances	(344,610)	(253,228)
Income tax benefit	-	-
(c) Deferred tax assets at 27.5% (2017 – 27.5%):		
- Carry forward revenue losses[1]	10,100,792	6,931,376
- Carry forward capital losses	2,019,952	2,014,801
- Other deferred tax balances	191,369	28,182
	12,312,113	**8,974,359**

The tax benefits of the above deferred tax assets will only be obtained if:

- the company and its subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the company and its subsidiaries continues to comply with the conditions for deductibility imposed by law: and
- no changes in income tax legislation adversely affect the company and its subsidiaries in utilising benefits.

(d) Deferred tax liabilities:

Deferred exploration and evaluation expenditure and other assets	**5,621,522**	**2,898,165**

1 Deferred tax assets arising from tax losses and temporary differences are only brought to account to the extent that it offsets the Group's deferred tax liabilities arising from temporary differences. As the Group does not have a history of taxable profits and is not revenue generating, the deferred tax assets associated with tax losses and temporary differences, in excess of the Group's deferred tax liabilities arising from temporary differences, is not yet regarded as probable of recovery at 30 June 2018.

2 The amount includes tax losses acquired as part of the acquisition of Auzex Exploration Limited. No fair value was allocated to the tax losses as part of the business combination accounting as the tax losses are not considered probable of recovery. Given the change in ownership of Auzex Exploration Limited, the recovery of the tax losses is likely to be subject to the same business test.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

3. DIRECTORS AND EXECUTIVES DISCLOSURE

(a) Details of Key Management Personnel in office at any time during the financial year are:

Specified Directors

Chris Baker	Non-Executive Chairman
John Lawton	Managing Director
Stephen Stroud	Non- Executive Director

Specified Executives

Gregor Partington	General Manager Operations
Paul Frederiks	CFO & Company Secretary

(b) Remuneration Practices

Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. The aggregate remuneration of Specified Directors and Executives is set out below.

(c) Key Management Personnel Compensation

	CONSOLIDATED	
	30 June 2018 $	**30 June 2017 $**
Short-term employee benefits	745,674	665,567
Equity Compensation value of options and performance rights	633,223	189,754
Post-employment benefits	45,851	45,485
	1,424,748	**900,806**

4. CASH AND CASH EQUIVALENTS

Deposits at call	2,000,000	2,000,000
Cash at bank and on hand	1,389,571	354,777
	3,389,571	**2,354,777**

Cash at bank earns interest at floating rates based on a daily bank deposit rates.

Deposits at call are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective deposits at call rates.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

	CONSOLIDATED	
	30 June 2018	30 June 2017
	$	$

5. TRADE AND OTHER RECEIVABLES

	30 June 2018 $	30 June 2017 $
CURRENT		
GST receivable	250,339	304,011
Accounts receivable	132,000	-
Other Receivables	21,608	5,591
	403,947	**309,602**

No trade and other receivables were past 90 days or impaired at 30 June 2018 or 30 June 2017.

6. PLANT AND EQUIPMENT

	30 June 2018 $	30 June 2017 $
At cost	201,758	105,733
Accumulated depreciation	(59,337)	(32,424)
	142,421	**73,309**

Reconciliation

	30 June 2018 $	30 June 2017 $
Carrying amounts at the beginning of the year	73,309	7,153
Additions	96,025	79,133
Disposals	-	-
Depreciation expense	(26,913)	(12,977)
Carrying amount at the end of the year	**142,421**	**73,309**

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

	CONSOLIDATED	
	30 June 2018 $	30 June 2017 $

7. DEFERRED EXPLORATION EXPENDITURE

	30 June 2018 $	30 June 2017 $
NON –CURRENT		
Exploration and evaluation costs carried forward in respect of exploration areas of interest		
Exploration and evaluation phases	**20,425,852**	**10,538,781**
Movement in carrying amounts		
Opening balance	10,538,781	4,297,335
Expenditure incurred	9,887,071	6,241,446
Expenditure written off	-	-
Closing balance	**20,425,852**	**10,538,781**

At 30 June 2018, the balance of deferred exploration expenditure is in respect of the Group's Tampia project in Western Australia. The recoupment of costs carried forward in relation to this area of interest is dependent on the successful development and commercial exploitation or sale of the area.

8. TRADE AND OTHER PAYABLES

	30 June 2018 $	30 June 2017 $
Trade creditors and accruals (i)	1,508,381	1,307,769
	1,508,381	**1,307,769**

Terms and conditions relating to the above financial instruments
Trade payables are non-interest bearing and are normally settled on 30 day terms.

9. PROVISION FOR EMPLOYEE BENEFITS

	30 June 2018 $	30 June 2017 $
At 1 July 2017	62,624	29,865
Arising during the year	80,155	48,359
Utilised during the year	(42,069)	(15,600)
At 30 June 2018	**100,710**	**62,624**

All provision for employee benefits relates to the provision for annual leave.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

10. ISSUED CAPITAL

	As at 30 June 2018 $	As at 30 June 2017 $
473,712,320 (30 June 2017 – 348,307,553) fully paid ordinary shares	**40,141,918**	**28,042,168**

Movement in ordinary share capital:

		Number of Shares	Issue price $ per share	$
30/06/16	**Balance end of period**	**231,374,076**		**20,397,841**
12 Oct 16	Share Purchase Plan	32,978,694	.07	2,308,505
15 Jul 16	Exercise of options	1,041,672	.05	52,084
29 Jul 16	Exercise of options	783,336	.05	39,167
15 Aug 16	Exercise of options	750,005	.05	37,500
31 Aug 16	Exercise of options	2,508,341	.05	125,417
22 Sep 16	Share Placement	42,919,358	.07	3,004,354
16 Nov 16	Share Placement	35,652,071	.07	2,495,644
17 May 17	Exercise of options	300,000	.03	9,000
	Share capital raising expenses			(427,344)
30/06/17	**Balance end of period**	**348,307,553**		**28,042,168**
9 Aug 17	Share Placement[1]	42,857,144	.105	4,500,000
15 Sep 17	Exercise of options	2,500,000	.03	75,000
22 Feb 18	Share Placement[2]	79,047,623	.105	8,300,000
14 May 18	Exercise of options	1,000,000	.03	30,000
	Share capital raising expenses[3]			(805,250)
30/06/18	**Balance end of period**	**473,712,320**		**40,141,918**

1. In August 2017, the Company issued 42,857,144 shares at $0.105 per share raising $4,500,000 (before costs).
2. In February 2018, the Company issued a further 79,047,623 shares at $0.105 per share raising $8,300,000 (before costs).
3. Share capital raising expenses represents the cash costs associated with share issues during the 2018 financial year.

Terms and conditions of issued capital
Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

11. RESERVES

	CONSOLIDATED	
	30 June 2018 $	30 June 2017 $
Total Reserves	**4,288,923**	**3,610,868**

	2018 Number	2017 Number	2018 $	2017 $
(b) Movements in options on issue:				
At the beginning of the year	33,775,116	16,708,355	3,610,868	3,346,923
Options issued to directors and employees November 2016	-	14,216,421	384,734	260,446
Options issued to Hartleys in consideration for services rendered on placement September 2016	-	8,000,000	-	421,236
Options issued to employee May 2017	-	358,695	7,056	3,499
Options exercised during the year – 3 cent options	(3,500,000)	(300,000)	-	-
Options exercised during the year – 5 cent options	-	(5,083,355)	-	-
Options lapsed during the year – 5 cent options	-	(125,000)	-	-
Less amounts transferred to issued capital	-	-	-	(421,236)
At the end of the year	**30,275,116**	**33,775,116**	**4,002,658**	**3,610,868**
(c) Movements in Performance Rights on issue:				
At the beginning of the year	-			
Performance Rights Issued to Directors in December 2017	11,400,000	-	223,715	-
Performance Rights Issued to employees in March 2018	7,600,000	-	62,550	-
At the end of the year	**19,000,000**	**-**	**286,265**	**0**

At 30 June 2018, the Company had a total of 30,275,116 options outstanding (30 June 2017 – 33,775,116) comprising:

- 7,700,000 options exercisable at 3 cents and expiring on 31 August 2018;
- 14,216,421 options exercisable at 7 cents and expiring on 10 November 2020;
- 8,000,000 options exercisable at 9.8 cents and expiring 22 September 2019; and
- 358,695 options exercisable at 9.6 cents expiring 17 May 2021.

During the year, a total of 3,500,000 3 cent options were exercised. The share price on the exercise date was 11 cents.

The fair value of the 14,575,116 options granted in the prior year was measured as 6.6 cents.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

11. RESERVES (CONTINUED)

The following table lists the inputs to the models used for the option issues during the prior year

	FY17 Share and Option Plan
Weighted average fair values at the measurement date	6.60 c
Dividend yield (%)	-
Expected volatility (%)	141.92%
Risk–free interest rate (%)	1.87%
Expected life of share options/SARs (years)	2.50
Weighted average share price (c)	8.72 c
Model used	Black-Scholes

At 30 June 2018, the Company had a total of 19,000,000 Performance Rights outstanding (30 June 2017 – nil) comprising:

- 11,400,000 Performance Rights expiring on 10 November 2020; and
- 7,600,000 Performance Rights expiring on 16 March 2021.

During the year a total of 19,000,000 Performance Rights were granted to Directors and employees pursuant to the Company's Performance Rights Plan. A total of 11.400,000 Performance Rights were granted on 1 December 2017 as approved by shareholders at the AGM held on 1 November 2017 and a total of 7,600,000 Performance Rights were granted on 26 March 2018 and ratified by shareholders at an EGM held on 18 July 2018. The fair value of the Performance Rights granted on 1 December 2017 was measured as 7.6 cents and the fair value of the Performance Rights granted on 26 March 2018 was 7.1 cents.

The following table lists the inputs to the models used for the Performance Rights issues during the period:

	FY18 Performance Rights Plan
Dividend yield (%)	-
Expected volatility (%)	80%
Risk–free interest rate (%)	1.96%
Expected life of share options/SARs (years)	2.50
Weighted average share price – grant 1/12/17	11.5
Weighted average share price – grant 26/3/18	11.0
Model used	Black-Scholes

The total Performance Rights granted comprised three equal tranches to each director/employee and tranches of the Performance Rights will vest if the relevant Performance Condition set out below is met:

Tranche	**Performance Condition**
Tranche 1	The Company's 10 trading day VWAP is at least $0.25.
Tranche 2	The Company's 10 trading day VWAP is at least $0.35.
Tranche 3	The Company's 10 trading day VWAP is at least $0.45.

All Vested Performance Rights will lapse by no later than three years after the date of grant. The Plan Rules provide that Vested Performance Rights may lapse before the Last Exercise Date in certain circumstances such as, if the Participant's employment with the Company ends.

Performance Rights cannot be exercised if at the time of the exercise of the Performance Right the exercise of the Performance Right would, or in the reasonable opinion of the Board, be likely to result in a contravention of the Constitution of the Company, ASX's Listing Rules or the Corporations Act 2001.

Each Performance Right once exercised will result in the issue of one fully paid ordinary share.

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration, and to record the proceeds from the issue of other options.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

12. ACCUMULATED LOSSES

	CONSOLIDATED	
	30 June 2018	**30 June 2017**
	$	**$**
Balance at the beginning of the year	(19,746,960)	(18,561,457)
Net loss attributable to members of Explaurum Limited	(1,931,181)	(1,185,503)
Balance at the end of the year	**(21,678,141)**	**(19,746,960)**

13. STATEMENT OF CASH FLOWS

(a) Reconciliation of the operating loss after tax to the net cash flows from operations:		
Net loss	(1,931,181)	(1,267,365)
Non-cash flows in operating loss		
- Depreciation and amortisation expense	26,913	12,977
- Increase in provision for employee benefits	38,084	32,759
- Unrealised foreign exchange loss / (gain)	633	114
- Share based payment expense	678,055	263,945
Changes in operating assets and liabilities		
GST movement in Deferred Exploration	947,023	526,584
(Increase) decrease in receivables	(94,345)	(206,368)
Increase/(decrease) in payables	200,612	35,070
Net cash flows (used in) operating activities	**(134,206)**	**(602,374)**

(b) Non cash financing activities

During the year ended 30 June 2018, there were no non-cash financing activities.

14. SEGMENT INFORMATION

The operating segments are identified by management based on the nature of activity undertaken by the Company. The Company operates in one operating business segment being the activity of multi metal exploration and development. Discreet financial information about the operating business is reported to the executive management team on a monthly basis.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

15. LOSS PER SHARE

	CONSOLIDATED	
	30 June 2018 $	30 June 2017 $
The following reflects the income and share data used in the calculation of basic and diluted loss per share:		
Loss used in calculation of diluted earnings per share	(1,931,181)	(1,185,502)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	416,283,354	314,566,985

Effect of Dilutive Securities

Share Options
The Company has 30,275,116 (2017 - 33,775,116) share options on issue at 30 June 2018. Options are considered to be potential ordinary shares. However, in periods of a net loss, share options are anti-dilutive, as their exercise will not result in lower earnings per share.

16. RELATED PARTY DISCLOSURES

(a) Ultimate Parent

Explaurum Limited is the ultimate Australian parent company.

(b) Other related transactions

During the year, services were provided by Kenex Limited (Kenex) which provides technical assistance to the group to carry out its work program. Dr Greg Partington, who is the General Manager Operations of Explaurum, controls Kenex. The Board considers that the Kenex agreement is a commercial arrangement entered into on favourable terms to Explaurum. There is no obligation for the Company to acquire services exclusively from Kenex or for Kenex to exclusively provide services to the Company. However, Kenex has agreed to give priority to the Company over Kenex's other clients in the provision of services and all services provided under the agreement are for the exclusive benefit and advantage of Explaurum. As the Company is not required to acquire any minimum amount of services from Kenex, there is no minimum payment required under the agreement.

Total amounts paid to Kenex during the year excluding the provision of services provided by Dr Partington who is an employee of Explaurum was $463,332 (excluding GST) (2017 $342,132). The balance outstanding at 30 June 2018 was $26,862.

During the year, accounting and certain corporate advisory services were provided by Blanckensee Consulting Pty Ltd (BLC). Mr Paul Frederiks, who is the Company Secretary, controls BLC. The Board considers that the BLC agreement is a commercial arrangement entered into on reasonable arm's length terms. There is no obligation for the Company to acquire services exclusively from BLC or for BLC to exclusively provide services to the Company. Directors note that P. Frederiks provides these services due to his extensive expertise in secretarial and financial administration. Directors believe this arrangement enhances the corporate governance of the Company.

Total amounts paid to BLC during the year including the provision of services and expenses provided by Mr Paul Frederiks was $138,868 (excluding GST) (2017 $137,845). The balance outstanding at 30 June 2018 was $13,750.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

	CONSOLIDATED	
	30 June 2018	**30 June 2017**
	$	**$**
17. AUDITORS' REMUNERATION		
Amounts received or due and receivable by Ernst & Young for:		
- Audit and review of the financial report of the Group	48,815	50,203
	48,815	**50,203**

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk. Risk management is carried out by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis as appropriate. The Australian dollar is the reporting currency for the Group and the functional currency for the parent company. At 30 June 2018, the Group did not have any exposure to foreign exchange risk.

(ii) Interest rate risk

The Group is exposed to movements in market interest rates on short term deposits.

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2018		**Fixed interest maturing in**				
	Floating interest rate $	**1 year or less $**	**over 1 year less than 5 $**	**more than 5 years $**	**Non-Interest bearing $**	**Total $**
Financial Assets						
Cash at bank	1,389,471	2,000,000	-	-	100	3,389,571
Trade & other receivables	-	-	-	-	403,947	403,947
	1,389,471	2,000,000	-	-	404,047	3,793,518
Weighted Average Interest Rate	1.67%	-	-	-	-	
Financial Liabilities						
Trade & other creditors	-	-	-	-	(1,508,381)	(1,508,381)
	-	-	-	-	(1,508,381)	(1,508,381)
Weighted Average Interest Rate	-	-	-	-	-	
Net financial assets (liabilities)	1,389,471	2,000,000	-	-	(1,104,334)	2,285,137

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

2017	Floating interest rate $	Fixed interest maturing in: 1 year or less $	over 1 year less than 5 $	more than 5 years $	Non-Interest bearing $	Total $
Financial Assets						
Cash at bank	354,777	2,000,000	-	-	-	2,354,777
Trade & other receivables	-	-	-	-	309,602	309,602
	354,777	2,000,000	-	-	309,602	2,664,379
Weighted Average Interest Rate	1.65%	-	-	-	-	
Financial Liabilities						
Trade & other creditors	-	-	-	-	(1,307,769)	(1,307,769)
	-	-	-	-	(1,307,769)	(1,307,769)
Weighted Average Interest Rate	-	-	-	-	-	
Net financial assets (liabilities)	354,777	2,000,000	-	-	(998,167)	1,356,610

Financial assets and Liabilities
Financial assets and liabilities carried at amortised cost are measured by taking into account any discount or premium on acquisition, and fees or costs associated with the asset or liability. Due to the short-term nature of these assets and liabilities, their carrying value is assumed to approximate their fair value.

Trade receivables from other entities are carried at nominal amounts less any allowance for doubtful debts. Other receivables are carried at nominal amounts due. Interest is recorded as income on an accruals basis. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the group.The carrying amounts of these assets and liabilities approximate their fair value.

Net fair value of financial assets and liabilities
The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

(b) Credit risk

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

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group’s maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity and capital risk

The Group's total capital is defined as the shareholders' net equity plus any net debt. The objectives when managing the Company's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The Group does not have a target debt /equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise. There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

If the Company anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities, then the decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

19. EVENTS AFTER REPORTING DATE

On 18 July 2018, the Company held an Extraordinary General Meeting to ratify previous issues of shares and performance rights. All resolutions were unanimously passed on a show of hands. The effect of these ratifications was that the Company refreshed its capacity to issue upto 15% of equity securities without the requirement to obtain shareholder approval under Listing Rule 7.1 and the issue of a further 10% of equity securities without the requirement to obtain shareholder approval under Listing Rule 7.1A.

On 7 September 2018, the Company advised results from recent extensional and infill drilling of the Mace supergene gold deposit.

On 10 September 2018, Ramelius Resources Limited (Ramelius) announced a takeover script offer of one Ramelius share for every four Explaurum shares with no minimum acceptance threshold. The Company has advised shareholders to take no action in relation to the Ramelius offer until they have received the formal recommendation of the Explaurum directors and reasons for that recommendation.

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

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

20. INTEREST IN SUBSIDIARIES

Name	Country of Incorporation	Percentage of equity interest held by Group		Investment $	
		2018	2017	2018	2017
Explaurum Operations Pty Ltd	Australia	100%	100%	1,900,466	1,900,466
Ninghan Exploration Pty Ltd	Australia	100%	100%	95,000	95,000

21. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2018.

22. COMMITMENTS

The Group is required to fund exploration expenditures in order to maintain current rights of tenure. These commitments are minimum expenditure requirements, determined by the relevant Government body on an individual tenement basis for each year of tenure from the date of grant, to maintain the tenements in good standing. The commitment remains only for as long as the tenement is held, and may be subject to negotiation or renegotiation before the end of the annual period based on merit. The expenditure commitments listed below and which are not provided for in the financial report represent an estimate of the sum of all West Australian annual expenditure requirements of tenements. At 30 June 2018 the Group had the following commitments with respect to the licences:

Project	Tenement Reference	Commitment $	Comment
Tampia Project	E70/2132, M70/815, M70/816, E70/4433, E70/4616, E70/4473, E70/4420, E70/4950, E70/4721, E70/4474, E70/4411	311,100	Annual commitment

Lease commitments: non-cancellable operating lease

	CONSOLIDATED	
	30 June 2018 $	30 June 2017 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	10,682	9,578
After one year but not more than five years	-	-
	10,682	9,578

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2018

23. PARENT ENTITY DISCLOSURES

a) Financial position

	30 June 2018 $	30 June 2017 $
ASSETS		
Current assets	3,360,757	2,071,199
Non-current assets	19,311,205	9,981,057
TOTAL ASSETS	22,671,962	12,052,256
LIABILITIES		
Current liabilities	182,346	137,805
TOTAL LIABILITIES	182,346	137,805
EQUITY		
Contributed equity	40,141,918	28,042,168
Accumulated losses	(21,759,159)	(19,738,585)
Share based payment reserve	4,106,857	3,610,868
TOTAL EQUITY	22,489,616	11,914,451

b) Financial performance

	30 June 2018 $	30 June 2017 $
Net Loss for the year	(2,202,641)	(1,258,382)
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss)	(2,202,641)	(1,258,382)

c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Explaurum Limited has not entered into a deed of cross guarantee with its subsidiary companies.

d) Contingent liabilities of the parent entity

Explaurum Limited has no contingent liabilities as at 30 June 2018. For details on commitments, see Note 22.

Directors' Declaration

In the opinion of the Directors:

(a) The accompanying financial statements and the notes and the additional disclosures included in the Directors' Report designated as audited, of the Group are 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 2018 and of its performance for the year ended that date; and

(ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

(d) The remuneration disclosures set out on pages 10 to 12 of the Directors' Report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

(e) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

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

On behalf of the Directors

Chris Baker
Chairman
19 September 2018

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent Auditor's Report to the Members of Explaurum Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Explaurum Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (a) in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of deferred exploration and evaluation

Why significant	How our audit addressed the key audit matter
As disclosed in Note 7 as at 30 June 2018, the Group held deferred exploration and evaluation expenditure assets of $20,425,825. The carrying value of deferred exploration and evaluation assets are assessed for impairment by the Group when facts and circumstances indicate that the deferred exploration and evaluation expenditure assets may exceed its recoverable amount. The determination as to whether there are any indicators to require a deferred exploration and evaluation asset to be assessed for impairment, involves a number of judgments including whether the Group has tenure, will be able to perform ongoing exploration and evaluation expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year, the Group determined that there had been no indicators of impairment.	We evaluated the Group's assessment of the carrying value of deferred exploration and evaluation assets. In obtaining sufficient audit evidence, we: • considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements; • considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included assessment of the Group's budgeted and planned cash flows, enquires with senior management and Directors as to the intentions and strategy of the Group; • assessed recent exploration and evaluation activity in the relevant licence area to determine if there are any negative indicators that would suggest a potential impairment of the asset; • assessed the Group's ability to finance its planned future exploration and evaluation activity; and • assessed the adequacy of the disclosure included in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report and the Statement of Corporate Governance Practices that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 16 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Explaurum Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

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

Ernst & Young

Andrew Carrick
Partner
Brisbane
19 September 2018

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ADDITIONAL SHAREHOLDER INFORMATION

A.CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is contained within the Directors' Report.

B. SHAREHOLDING

1. Substantial Shareholders

An extract of the Company's register of substantial shareholders is set out below.

Shareholder	Number of Shares
West Trade Enterprises Pty Ltd	30,405,576
Misty Grange Pty Ltd	25,009,486
Ramelius Resourcs Limited	14,647,576*

**Even though Ramelius Resources Limited does not have a relevant interest in 5% of the voting shares in Explaurum, it is considered a substantial shareholder because of its current takeover offer for all of the shares in Explaurum.*

2. Number of holders in each class of equity securities and the voting rights attached

There are 2,780 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

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

3. Distribution schedule of the number of holders in each class of equity security as at 16 October 2018.

By Class	Holders of Ordinary Shares	No. Of Ordinary Shares	%
1 to 5,000	1,043	1,695,522	0.35
5,001 to 10,000	300	2,299,773	0.48
10,001 to 100,000	881	38,270,206	7.95
100,001 to 1,000,000	486	155,715,722	32.35
1,000,001 and over	70	283,431,097	58.87
	2,780	481,412,320	100

4. Marketable Parcel

As at 16 October 2018 there were 949 shareholders with unmarketable parcel of shares.

ADDITIONAL SHAREHOLDER INFORMATION (CONT.)

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds as at 16 October 2018 is as follows:

Ordinary Shares

Name	No. of Ordinary Shares	%
WEST TRADE ENTERPRISES PTY LTD	30,405,576	6.32
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,119,320	5.84
MISTY GRANGE PTY LTD	18,881,900	3.92
MR TERRY LESLIE GALLAGHER	16,490,000	3.43
MR KEIRAN JAMES SLEE	15,666,670	3.25
AURORA VENTURES PTY LTD	10,106,000	2.10
MR BRIAN HENRY MCCUBBING + MRS ADRIANA MARIA MCCUBBING <B MCCUBBING SUPER FUND A/C>	8,930,000	1.85
CITICORP NOMINEES PTY LIMITED	8,248,344	1.71
SWANCAVE PTY LTD <THE BMC FAMILY A/C>	8,000,000	1.66
DEBUSCEY PTY LTD	6,530,763	1.36
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,487,478	1.35
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,824,808	1.21
MRS LORRAINE ALICE WINSOR + MR BARRIE JOHN WINSOR	5,500,000	1.14
ADPC SUPERANNUATION PTY LTD <ADPC S/F A/C>	5,094,764	1.06
TOPWEAL PTY LTD <HART SUPER FUND A/C>	5,050,000	1.05
HOWARD-SMITH INVESTMENTS PTY LTD	4,000,000	0.83
PENINSULA GOLDFIELDS PTY LTD	3,686,676	0.77
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	3,542,484	0.74
YELRIF INVESTMENTS PTY LIMITED <PENSION FUND A/C>	3,500,000	0.73
BUCKLAND CAPITAL PTY LTD <D MILLAR S/F A/C>	3,450,000	0.72
TOTAL	197,514,783	41.03

6. Unquoted equity securities

Unquoted equity securities on issue at 16 October 2018 were as follows:

Options

Number of Options	Exercise Price	Exercise Periods/ Expiry Dates	Number of Holders
14,216,421	7 cents	On or before 10 November 2020	7
8,000,000	9.8 cents	On or before 31 August 2018	1
358,695	9.6 cents	On or before 17 May 2021	1

Performance Rights

Number of Performance Rights	Exercise Price	Exercise Periods/ Expiry Dates	Number of Holders
11,400,000	Nil	On or before 10 November 2020	3
7,600,000	Nil	On or before 16 March 2021	4

Refer to the Remuneration Report for vesting conditions relating to these options and performance rights.

C.OTHER DETAILS

TENEMENT DIRECTORY

Mineral tenements held at 16 October 2018 are as follows:

Project	Tenement Reference	Company Interest %
Tampia Project	E70/2132, M70/815, M70/816	90%
	E70/4411, E70/4420, E70/4433, E70/4616, E70/4473, E70/4474, E70/4721, E70/4950	100%