TANDO RESOURCES LIMITED
ABN 47 618 307 887

Annual Report for the Year Ended 30 June 2018

Annual Report
For the year ended 30 June 2018

Contents

Corporate Directory

Board of Directors

Mr William Oliver	(Managing Director)
Mr Jeremy King	(Non-Executive Chairman)
Mr Patrick Burke	(Non-Executive Director)

Secretary

Mr Mauro Piccini

Registered Office

Suite 4, Level 1
11 Ventnor Avenue
West Perth WA 6005

Telephone: 08 6381 0054
Facsimile: 08 9481 4950
Website: www.tandoresources.com.au

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: TNO)

Auditors

RSM Australia Partners
Level 32, 2 The Esplanade
Perth WA 6000

Solicitors

Steinepreis Paganin
16 Milligan Street
Perth WA 6000

Bankers

Westpac Banking Corporation
Level 13, 109 St Georges Terrace
Perth WA 6000

Share Registry

Automic Share Registry
Level 2/267 St Georges Terrace,
Perth WA 6000
Telephone: 08 9324 2099
Facsimile: 08 9321

Directors' Report

The Directors of Tando Resources Limited ("TNO" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Tando Resources Limited and its controlled entities (the "Group") for the financial year ended 30 June 2018.

DIRECTORS

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Mr William Oliver | Managing Director
(Appointed 31 March 2017)

Mr Oliver is a geologist with 20 years of experience in the international resources industry working for both major and junior companies. He has substantial experience in the design and evaluation of resource definition programmes as well as co-ordinating all levels of feasibility studies. He has direct experience with bulk commodities having led large scale resource definition projects for Rio Tinto Iron Ore and in his role as a director of Celsius Coal Ltd.

Mr Oliver has spent recent years evaluating and assessing several projects across Africa including being responsible for the identification, acquisition and development into production of the Konongo Gold Project while Managing Director of Signature Metals Ltd. He is also fluent in Portuguese having lived and worked in Portugal while managing exploration across a range of commodities for Iberian Resources.

Mr Oliver holds an honours degree in Geology from the University of Western Australia as well as a postgraduate diploma in finance and investment from FINSIA.

During the past three years, Mr Oliver held the following directorships in other ASX listed companies: Orion Gold NL (resigned 18 April 2018), Koppar Resources Limited (current), Aldoro Resources Limited (current), Minbos Resources Limited (current), and Celsius Resources Limited (current).

Mr Jeremy King | Non-Executive Chairman
LLB
(Appointed 31 March 2017)

Mr King is a corporate advisor and lawyer with over 20 years' experience in domestic and international legal, financial and corporate matters. Mr King spent several years in London where he worked with Allen & Overy LLP and Debevoise & Plimpton LLP and has extensive corporate experience, particularly in relation to cross-border private equity, leveraged buy-out acquisitions and acting for financial institutions and corporate issuers in respect of various equity capital raising.

During the past three years, Mr King held the following directorships in other ASX listed companies: Red Mountain Mining Limited (current), Pure Minerals Limited (current), Transcendence Technologies Limited (current), DTI Group Limited (current), Smart Parking Limited (current), EHR Resources Limited (current), Axxis Technology Group Limited (current), Sultan Resources Limited (current), Aldoro Resources Limited (current), Aquaint Capital Holdings Limited (resigned 4 October 2017), and Plukka Limited (resigned December 2015).

Mr Patrick Burke | Non-Executive Director
(Appointed 28 June 2018)

Mr Burke has extensive legal and corporate advisory experience and over the last 10 years has acted as a Director for a large ASX, NASDAQ and AIM listed companies. His legal expertise is in corporate, commercial and securities law in particular, capital raisings and mergers and acquisitions. His corporate advisory experience includes identification and assessment of acquisition targets, strategic advice, deal structuring and pricing, funding, due diligence and execution.

During the past three years, Mr Burke held the following directorships in other ASX listed companies: Koppar Resources Limited (current), Meteoric Resources Limited (current), Bligh Resources Limited (current), Triton Minerals Limited (current), WestWater Resources, Inc.(current), ATC Alloys Limited (resigned 1 June 2018), Pan Pacific Petroleum NL (resigned 13 November 2017), Shareroot Limited: (resigned 12 January 2016) and Anatolia Energy Limited (resigned 10 November 2015).

Directors' Report

COMPANY SECRETARY

Mr Mauro Piccini
(Appointed 28 November 2017)

Mr Piccini spent 7 years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines. Mauro is a Chartered Accountant (CA) and a member if the Governance Institute of Australia (GIA). Mauro started his career in the Perth office of Ernst and Young (EY) where he spent several years in their assurance division.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares, options and performance rights of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Unlisted Share Options
Mr William Oliver	240,000	9,240,000
Mr Jeremy King	-	6,930,000
Mr Patrick Burke	150,000	6,930,000
Total	**390,000**	**23,100,000**

PRINCIPAL ACTIVITIES

The principal activity of the Company is mineral exploration.

REVIEW AND RESULTS OF OPERATIONS

Overview

On the 31st of March 2017, the Company was incorporated and appointed Mr William Oliver and Mr Jeremy King as directors. Mr Patrick Burke was appointed a director on 1 July 2017.

On 21 August 2017, the Company lodged a capital raising of $4,500,000 via the placement of 22,500,00 shares at 20 cents per share ("Issue Price"). This was completed on 29 September 2017.
Also announced on 14 November 2017 was an Entitlement Issue where eligible TNO shareholders were invited to take part in the issue of 1 option for every four shares held at the Record date at an issue price of $0.01 per share to raises up to $76,250. This was completed 1 December 2017.

An additional placement undertaken 28 March 2018 raised $2,000,000 before costs via the placement of 5,000,000 shares at 40 cents per share ("Issue Price").

The loss from continuing operations for the year ended 30 June 2018 after providing for income tax amounted to $1,609,817.

The loss results from $556,735 share-based payment expenses and $1,053,082 in administration costs.

REVIEW AND RESULTS OF OPERATIONS CONTINUED

SPD Vanadium Project

During the reporting period the Company announced the acquisition of a 73.95% interest in the globally significant SPD Vanadium project.

Historic drilling at SPD has delineated a resource of 513Mt at 0.78% V2O5 under the SAMREC Code (a "foreign resource" as defined in the ASX Listing Rules, refer ASX Announcement 22 March 2018 for further details and disclosures). The project is located in an established vanadium producing region supported by excellent infrastructure.

Directors' Report

The Company completed due diligence on the SPD Project including the grant of the Mining Right over the project. Completion of the acquisition is anticipated to occur in September 2018.

Quartz Bore – High Grade Zinc Mineralisation in the Pilbara

The Quartz Bore is located in the Pilbara region of Western Australia, adjacent to Venturex Resources' Whim Creek Project. The Balla Balla Prospects were discovered via heliborne EM with some 11,193 metres of RC and DD drilling by previous explorers successfully delineating high grade zinc mineralisation (Figure 5).

During the reporting period the Company completed a successful diamond drilling programmes at the Quartz Bore Project in Dec 2017 with intersections including a high-grade copper zone (17m at 2.95 % Cu + 1.48% Zn incl. 7m at 6.44% Cu + 3.21% Zn incl. 2m at 14.3% Cu + 6.33% Zn, refer ASX Announcement 21 February 2018).

In addition, surveying of QBDD0002 detected a strong, coincident, DHEM and DHMMR anomalies interpreted to represent the extension of mineralisation intersected in historical drillhole BBD009 (which returned 15m at 5.92%Zn + 0.80% Cu, refer Figure 6 and ASX Release 3 November 2017). Drilling of DHEM and DHMMR anomalies at the adjacent Salt Creek deposit (owned by Venturex Resources (ASX.VXR)) intersected grades including 18.7m at 2.42% Cu and 9.85m at 8.76% Zn (ASX.VXR Release 12 January 2017).

The results from the downhole surveying of the Quartz Bore drillholes, and specifically the success of the DHMMR technique, led the Company to complete a successful surface MMR trial survey at the Balla Balla Prospect. The ability of the MMR survey at mapping the prospective horizon highlights the potential to identify further mineralised zones along the prospective horizon within the Mons Cupri Volcanics.

Mt Sydney –Shallow EM anomalies along strike from known mineralisation

The Mt Sydney Project is 100% owned by the Company and is located adjacent to, and along strike from, Rumble Resources (ASX.RTR, "Rumble") Braeside Project. In January Rumble announced results from its maiden drilling programme including a high-grade zinc discovery at the Braeside Project (refer ASX.RTR Announcement 16 January 2018). Mineralised zinc-lead intersections reported include 4m at 9.64% Zn + 0.41% Pb from 32m, 2m at 3.08% Zn + 2.98% Pb from 60m and 3m at 2.19% Zn + 0.95% Pb from 49m. The reconnaissance nature of this drilling makes the presence of mineralisation very encouraging for regional base metal prospectivity and enhances the potential of the base metal targets within Tando's Mt Sydney Project.

Tando flew a VTEMmax survey over the Mt Sydney Project in December 2017 (refer ASX Announcement 18 January 2018). Careful examination of the electromagnetic data has delineated numerous conductors that correlate with important target structures interpreted to be part of the Braeside Fault Zone, as well as stratigraphic contacts of prospective volcanic lithologies. Most of the mapped structures in the area produced distinct early time EM responses and this is probably caused by preferential weathering over this structural feature. More importantly, numerous stronger EM anomalies are also evident over strike limited portions of these significant structures which extend directly from Rumble Resources' Braeside Project further north. These conductors are considered high priority targets and warrant follow-up.

A total of seventeen targets have been identified from the interpretation from which nine are considered high priority. The main criterion for ranking the targets is based on the target strength, strike length and the correlation with prospective structures and lithological contacts. Additionally, a highly conductive, deep seated feature has been identified by the airborne EM survey. Interestingly this is coincident with a magnetic feature and has been interpreted as being a potential target for porphyry or other intrusion related mineralisation styles. Further geological information is required to assess this target.

Mt Vernon – Zn-Pb targets in same region as Abra Deposit

The Mt Vernon Project is 100% owned by the Company and is located in the Pilbara region of Western Australia. The tenure overlies sediments of the Edmund and Collier Groups adjacent to the regional scale Mt Vernon Fault.

The Company has completed a detailed review of historical exploration at the project and identified geophysical and geochemical targets worthy of further inspection (refer ASX Announcement 15 March 2018):

- Four airborne EM anomalies have been identified from a survey flown by BHP in 1997 and named MV_Geotem_01-04, and

Directors' Report

- Surface geochemical surveys across the project area have identified discrete copper and zinc targets separated by the Mt Vernon Fault.

E52/3560 lies wholly within the Nharnuwangga Wadjarri Ngarlawangga (NWN) Indigenous Land Use Agreement area and therefore access to the area of E52/3560 is not permitted until an agreement has been entered into with the NWN. The Company has received a draft heritage agreement from the legal representatives of the Jidi Jidi Aboriginal Corporation (JJAC), which is the registered native title body corporate for the NWN determination area and is reviewing this.

Financial Performance

The financial results of the Group for the year ended 30 June 2018 are:

	30-June-18 $	**30-June-17 $**
Cash and cash equivalents	**4,336,356**	287,612
Net Assets/(Net Liabilities)	**5,708,616**	323,545
Revenue	**19,110**	59
Net loss after tax	**(1,603,361)**	(6,456)

DIVIDENDS

No dividends have been paid or declared by the Group since the end of the previous financial year.

No dividend is recommended in respect of the current financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in state of affairs during and subsequent to the end of the financial year.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 27 July 2018 101,364 fully paid ordinary shares were issued upon the conversion of quoted options ($0.054 expiring 08 December 2019).
On 16 August 2018 711,864 fully paid ordinary shares were issued upon the conversion of quoted options ($0.054 expiring 08 December 2019).
On 7 September 2018 716,864 fully paid ordinary shares were issued upon the conversion of quoted options ($0.054 expiring 08 December 2019).

On 20 August 2018 the passing of resolution 1 at the general meeting satisfied the Shareholder Approval pre-condition to TNO's acquisition of a $73.95% stake in the SPD Vanadium Project.

The final pre-condition was satisfied 27 August 2018 with the South African Reserve Bank approval, making the acquisition unconditional. Completion of the acquisition is anticipated to occur in September 2018.

Other than the above, there has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

SPD Vanadium Project

Subsequent to the end of the period the Company announced the commencement of drilling at the SPD Vanadium Project. Phase One of the drilling program will comprise 18 holes for 1,650m at the SPD deposit, aimed at converting the current

Directors' Report

"foreign resource" at SPD to a Mineral Resource estimate (MRE) as defined in the JORC Code. Tando expects the MRE will be published by end October, 2018.

Phase One will also include the first holes to be drilled at the shallow, high-grade vanadium pipes which sit within a 3km radius of the SPD deposit. Tando has reported a host of high-grade vanadium assays from samples taken from the surface of these pipes with results consistently above 2% V2O5 (see below).

Following completion of the Phase One drilling program, Tando will move straight into Phase Two, which will be aimed at upgrading the maiden JORC Resource to an Indicated category (provided results are as anticipated). To achieve this goal Phase Two is currently designed to comprise 58 holes for 5,550m.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS CONTINUED

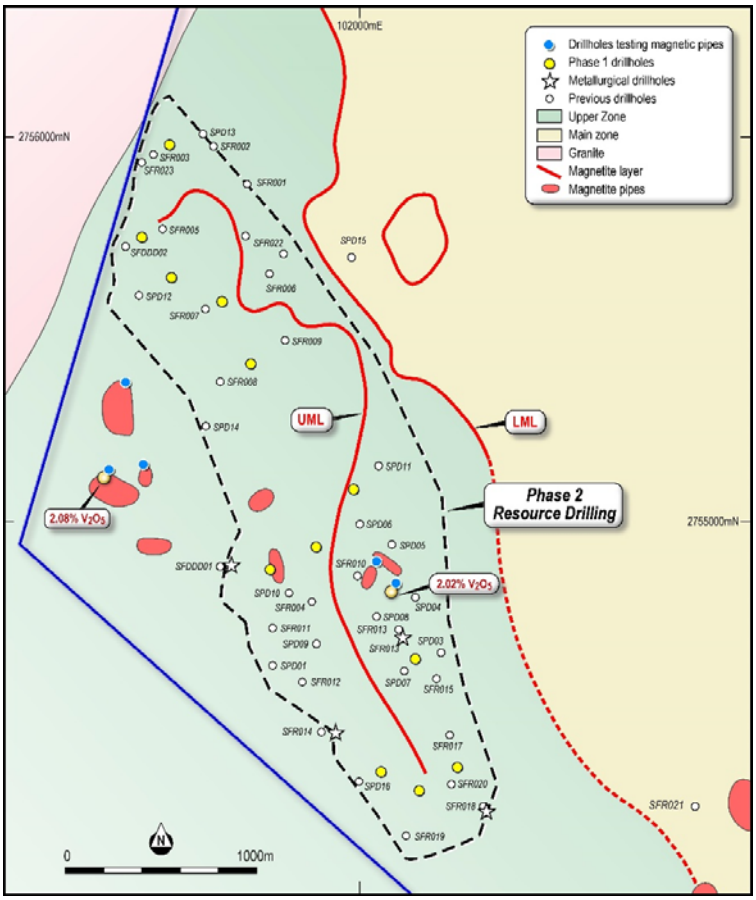

***Figure 1**. Phase 1 and Phase 2 drilling planned for the SPD Vanadium Project.*

Exploration identifies high grade vanadium pipes, potential for near term DSO

Exploration at the SPD Vanadium Project has now identified 12 vanadium pipes within the property with 20 samples submitted for analysis. These samples returned an average of 1.87% V2O5 with seven samples returned grades of more than 2% V2O5 (refer ASX Announcements 7 May 2018, 5 July 2018; Figure 2).

It should be emphasised that the results discussed here are whole rock (or in situ) results, not concentrate grades, and compare favourably to the already-high in-situ grade of the SPD Project (0.78% V2O5). These excellent results provide firm evidence of the potential for these pipes to underpin a low-cost, high-grade DSO operation with a short development timetable. Metallurgical results indicate that material from the magnetic pipes could represent a DSO material which, after a relatively simple concentration process, may be able to be sold to an end-user as feedstock for a downstream processing plant or processed cost-effectively using a different method (refer ASX Announcement 5 June 2018).

Directors' Report

LIKELY DEVELOPMENTS AND EXPECTED RESULTS CONTINUED

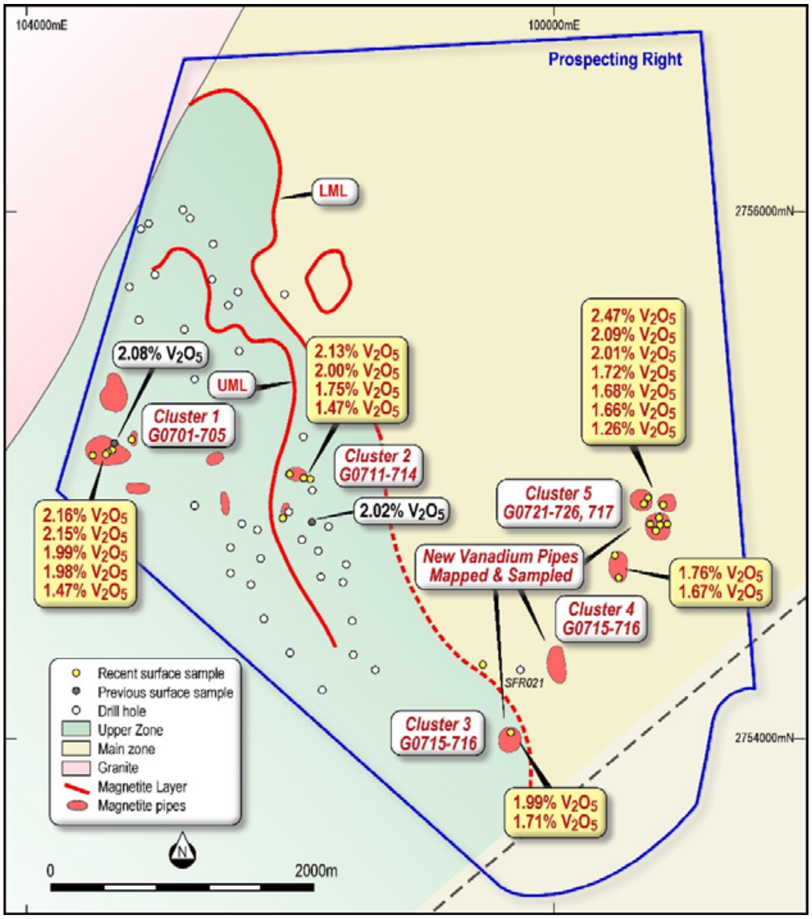

***Figure 2**. Plan showing location of surface samples and magnetite pipes at the SPD Vanadium Project along with historical drilling and geology.*

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Direct held office are:

Director	Number Eligible to Attend	Number Attended
Mr William Oliver	5	5
Mr Jeremy King	5	5
Mr Patrick Burke	5	5

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, refer to the Corporate Governance Statement.

Directors' Report

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2018 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

Voting and comments made at the company's 2017 Annual General Meeting ('AGM')
At the 2017 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Group during or since the end of the financial year were:

Mr William Oliver	(Managing Director) (Appointed 31 March 2017)
Mr Jeremy King	(Non-Executive Chairman) (Appointed 31 March 2017)
Mr Patrick Burke	(Non-Executive Director) (Appointed 28 June 2017)

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

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

A Remuneration Philosophy
B Remuneration Governance, Structure and Approvals
C Remuneration and Performance
D Details of Remuneration
E Service Agreements
F Share-based Compensation
G Equity Instruments Issued on Exercise of Remuneration Options
H Loans with KMP
I Other Transactions with KMP

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of the Group comprise of the Board of Directors.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

Directors' Report

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ **Non-Executive Remuneration Structure**

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall be no more than A$300,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. The chair's fees are determined independently to the fees of the Non-Executive Director's based on comparative roles in the external market. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

❖ **Executive Remuneration Structure**

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

Directors' Report

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Group as at 30 June 2018 and 30 June 2017.

	30-Jun-18	30-Jun-17
Revenue ($)	**19,110**	59
Net profit/(loss) after tax ($)	**(1,603,361)**	(6,456)
EPS ($)	**(1.41)**	(0.29)
Share price	**0.17**	-

Relationship between Remuneration and Company Performance
Given the recent re-compliance of the Company and the current phase of the Company's development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

a) Fixed Remuneration – base salary
b) Variable Short-Term Incentives
c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short -Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year.

c) Variable Remuneration – Long-Term Incentives (LTI)

Options are issued at the Board's discretion. Other than options disclosed in section D of the Remuneration Report there have been no options issued to employees at the date of this financial report.

Directors' Report

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

Table 1 – Remuneration of KMP of the Group for the year ended 30 June 2018 is set out below:

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options	
30 June 2018	$	$	$	$	$	$
Directors						
Mr William Oliver	110,000	-	15,000	-	222,694	347,694
Mr Jeremy King	36,000	-	-	-	167,020	203,020
Mr Patrick Burke	36,000	-	-	-	167,021	203,021
Total	**182,000**	**-**	**15,000**	**-**	**556,735**	**753,735**

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options	
30 June 2017	$	$	$	$	$	$
Directors						
Mr William Oliver	-	-	-	-	-	-
Mr Jeremy King	-	-	-	-	-	-
Mr Patrick Burke	-	-	-	-	-	-
	-	-	-	-	-	-

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 2 – Relative proportion of fixed vs variable remuneration expense

	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
Name	2018	2017	2018	2017	2018	2017
Directors						
Mr William Oliver	**31%**	-	**65%**	-	-	-
Mr Jeremy King	**17%**	**-**	**83%**	-	-	-
Mr Patrick Burke	**17%**	**-**	**83%**	-	-	-

Table 3 – Shareholdings of KMP (direct and indirect holdings)

30 June 2018	Balance at 01/07/2017	Granted as Remuneration	On Exercise of Options	Net Change – Other	Balance at 30/06/2018
Directors					
Mr William Oliver	-	-	-	-	-
Mr Jeremy King	-	-	-	-	-
Mr Patrick Burke	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Directors' Report

Table 4 – Option holdings of KMP (direct and indirect holdings)

30 June 2018	Balance at 01/07/2017	Issued as Remuneration	Exercised	Balance at 30/06/2018	Vested & Exercisable
Directors					
Mr William Oliver(i)	-	9,240,000	-	9,240,000	-
Mr Jeremy King(i)	-	6,930,000	-	6,930,000	-
Mr Patrick Burke(i)	-	6,930,000	-	6,930,000	-
Total	-	**23,100,000**	-	**23,100,000**	-

(i) Post capital reconstruction which took place 29 May 2018.

On 19 December 2017, the Company issued 5,000,000 options (23,100,000 post capital restructure on 29 May 2018) to the Directors, exercisable at $0.25 ($0.054 post capital restructure) on or before 19 December 2020. The Grant Date of the options were 30 November 2017 which is the date of the General Meeting when the options were approved. In line with Australian Accounting Standards, these options have been fair valued based on grant date on 30 November 2017 and a share-based payment expense has been recognised as at 30 June 2018 in the statement of profit or loss and other comprehensive income. The total value of the options issued was $951,796

E Service Agreements

❖ **William Oliver – Managing Director**
- Contract: Commenced on 1 November 2017
- Director's Fee: $165,000 per annum
- Term: No fixed term.

❖ **Jeremy King – Non-Executive Director**
- Contract: Commenced on 1 July 2017
- Director's Fee: $36,000 per annum
- Term: No fixed term

❖ **Patrick Burke – Non-Executive Director**
- Contract: Commenced on 1 July 2017
- Director's Fee: $36,000 per annum
- Term: No fixed term

F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Options

Director	Number of granted	Grant date	Fair Value per option at grant date $	Exercise price $	Vested date and exercisable date	Expiry date
Mr William Oliver	9,240,000	30/11/2017	$0.041	$0.054	30/11/2018	19/12/2020
Mr Jeremy King	6,930,000	30/11/2017	$0.041	$0.054	30/11/2018	19/12/2020
Mr Patrick Burke	6,930,000	30/11/2017	$0.041	$0.054	30/11/2018	19/12/2020

* The above number of options are shown post capital restructure on 29 May 2018.

At the date of this report, the unissued ordinary shares of the Company under option carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

Directors' Report

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2018.

I Other Transactions with KMP

The following transactions occurred with related parties:	2018 $
Company secretarial and financial management services from Mirador Corporate Pty Ltd (director related entity of Jeremy King)	**96,921**

Trade and other payables to related parties:	2018 $
Company secretarial and financial management services from Mirador Corporate Pty Ltd (director related entity of Jeremy King)	**8,796**
Director fee payable to Billandbry Consulting Pty Ltd (director related entity of William Oliver)	**15,125**
Director fee payable to Bushwood Nominees Pty Ltd (director related entity of Jeremy King)	**3,000**

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

J Additional Information

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018 $	2017* $
Sales Revenue	**-**	-
EBITDA	**(1,603,361)**	(6,456)
EBIT	**(1,603,361)**	(6,456)
Profit/(Loss) after income tax	**(1,603,361)**	(6,456)
Share Price ($)	**0.17**	-
EPS (cents per share)	**(1.41)**	(0.29)

*The Company was incorporated on 31 March 2017.

End of Audited Remuneration Report.

Directors' Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of food faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

ENVIRONMENTAL REGULATIONS

The Company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners RSM Australia Partners.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and included within these financial statements.

SHARE UNDER OPTION

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 52,237,043 options expiring 8 December 2019, exercisable at 5.4 cents each.
- 23,100,000 options expiring 19 December 2020, exercisable at 5.4 cents each

SHARE ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Tando Resources Limited were issued during the year ended 30 June 2018 on the exercise of options granted. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of Shares	Number of shares issued
8 December 2017	$0.054	3,780,501

Directors' Report

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 19 to the financial statements.

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

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and

- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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

William Oliver
Managing Director
21 September 2018

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Tando Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 21 September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2018

	Note	Consolidated Entity 2018 $	Company 31 March to 30 June 2017 $
Revenue from continuing operations			
Other income	4	**19,110**	59
Expenses			
Consulting and legal fees	5	**(521,877)**	-
Share and company registry		**(122,663)**	-
Other expenses		**(36,175)**	(15)
Share based payments	16	**(556,735)**	-
Directors fees		**(182,000)**	-
Company secretary and financial management		**(96,909)**	-
Professional fees		**(45,450)**	(6,500)
Travel expenses		**(60,662)**	-
Loss from continuing operations before income tax			
Income tax expense		**-**	-
Loss from continuing operations after income tax		**(1,603,361)**	(6,456)
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive loss attributable to the members of Tando Resources Limited		**(1,603,361)**	(6,456)
Loss per share for the year attributable to the members Tando Resources Limited:			
Basic loss per share (cents)	7	**(1.41)**	(0.29)
Diluted loss per share (cents)	7	**(1.41)**	(0.29)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position
As at 30 June 2018

	Note	Consolidated Entity 2018 $	Company 2017 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**4,336,356**	287,612
Trade and other receivables	9	**134,605**	65,041
Total current assets		**4,470,961**	352,653
Non-Current assets			
Exploration and evaluation	11	**1,320,686**	-
Total Non-Current assets		**1,320,686**	-
Total assets		**5,791,647**	352,653
LIABILITIES			
Current liabilities			
Trade and other payables	10	**83,031**	29,108
Total current liabilities		**83,031**	29,108
Total liabilities		**83,031**	29,108
Net assets		**5,708,616**	323,545
EQUITY			
Contributed equity	12	**6,640,448**	330,001
Reserves	13	**677,985**	-
Accumulated losses		**(1,609,817)**	(6,456)
Total equity		**5,708,616**	323,545

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2018

	Issued Capital $	Share-based Payment Reserve $	Accumulated Losses $	Total $
At 1 July 2017	**330,001**	**-**	**(6,456)**	**323,545**
Loss for the year	**-**	**-**	**(1,603,361)**	**(1,603,361)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive loss for the year after tax	**-**	**-**	**(1,603,361)**	**(1,603,361)**
Transactions with owners in their capacity as owners:				
Issued Capital	**6,500,000**	**-**	**-**	**6,500,000**
Share Issue costs	**(561,287)**	**-**	**-**	**(561,287)**
Issue of listed options	**-**	**121,250**	**-**	**121,250**
Share-based payments	**-**	**556,735**	**-**	**556,735**
Conversion of options	**121,734**	**-**	**-**	**121,734**
Acquisition of VMS Resources Pty Ltd	**250,000**	**-**	**-**	**250,000**
At 30 June 2018	**6,640,448**	**677,985**	**(1,609,817)**	**5,708,616**
At 31 March 2017 (date of incorporation)	-	-	-	-
Loss for the period	-	-	(6,456)	(6,456)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period after tax	-	-	(6,456)	(6,456)
Transactions with owners in their capacity as owners:				
Issued Capital	330,001	-	-	330,001
At 30 June 2017	330,001	-	(6,456)	323,545

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the Financial Year ended 30 June 2018

	Note	Consolidated Entity 2018 $	Company 31 March to 30 June 2017 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,078,465)**	(42,448)
Interest received		**11,698**	59
Net cash used in operating activities	8(a)	**(1,066,767)**	(42,389)
Cash flows from investing activities			
Payment of exploration activities capitalised		**(1,017,386)**	-
Payment for costs related to purchase of VMS Pty Ltd		**(50,000)**	-
Cash acquired upon acquisition of subsidiaries	20	**1,200**	-
Net cash used in investing activities		**(1,066,186)**	-
Cash flows from financing activities			
Proceeds from issue of shares		**6,621,734**	330,001
Share issue costs		**(561,287)**	-
Proceeds from option entitlement issue		**121,250**	-
Net cash from financing activities		**6,181,697**	330,001
Net increase / (decrease) in cash and cash equivalents		**4,048,744**	287,612
Cash and cash equivalents at the beginning of the year		**287,612**	-
Cash and cash equivalents at the end of the year	8	**4,336,356**	287,612

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Tando Resources Limited (referred to as "Company" or "parent entity") is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity" or the "Group").

(b) Basis of Preparation

Statement of compliance
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Basis of measurement
The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 22.

New, revised or amended standards and interpretations adopted by the Group
The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new, revised, or amending Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

New standards and interpretations not yet mandatory or early adopted
The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group are set out below.

(i) AASB 9 Financial Instructions and its consequential amendments
This standard is applicable to annual report periods beginning on or after 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(b) Basis of Preparation (cont.)

activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The Group will adopt this standard and the amendments from 1 July 2018. It is not expected for the application of the new standard to have a significant impact on the Company's financial statements.

(ii) AASB 15 Revenue from contracts with customers
The AASB has issued this new standard for the recognition of revenue. This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. It is not expected for the application of the new standard to have a significant impact on the Company's financial statements.

(iii) AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but there is no material impact to the Company.

Significant Judgements and Estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(c) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative in the financial statements is for the period from incorporation 31 March 2017 until 30 June 2017.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tando Resources Limited ('Company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Tando Resources Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

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

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

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

The acquisition method of accounting is used to account for business combinations by the consolidated entity. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(e) 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. Management has determined that based on the report reviewed by the Board and used to make strategic decisions, that the consolidated entity has one reportable segments.

(f) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Australian dollars, which is Tando Resources Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Foreign Currency Translation continued

Consolidated entity companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position account presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income account are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(g) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable to the extent that it is probably that economic benefits will flow to the consolidated entity and the revenue can be reliably measured.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

(h) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Income Tax continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) **Exploration and evaluation expenditure**

Exploration and evaluation assets - acquired
Exploration and evaluation assets compromise of acquisition of mineral rights and fair value (at acquisition date) of exploration and expenditure assets from other entities. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if facts or circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

(i) **Cash and Cash Equivalents**

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

(j) **Asset Acquisition not constituting a Business**

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for the deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

(k) **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(l) **Impairment of Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(m) **Trade and Other Payables**

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Group. Trade payables are usually settled within 30 days of recognition.

(n) **Employee Benefits**

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(o) **Share-based Payments**

Equity-settled and cash-settled share-based compensation benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(u) Share-based Payments (cont.)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(v) Contributed equity

Ordinary shares 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(w) Earnings Per Share

Basic earnings per share
Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

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

(x) Goods and Services Tax ("GST")

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables area stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

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

(y) Current and Non-Current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(z) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Notes to the Consolidated Financial Statements

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share based payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

NOTE 3 SEGMENT INFORMATION

The Group operates only in one reportable segment being predominately in the area of mineral exploration in Western Australia. The Board considers its business operations in mineral exploration to be its primary reporting function. Results are analysed as a whole by the chief operating decision maker, this being the Board of Directors. Consequently, revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

NOTE 4 REVENUE

	2018	2017
	$	$
Other income		
Interest income	**19,110**	59
	19,110	59

NOTE 5 EXPENSES

	2018	2017
(a) Consultancy and legal expenses		
Consulting fees	159,809	-
Corporate advisory fees	142,400	-
Legal fees	219,668	-
	521,877	-

Notes to the Consolidated Financial Statements

	2018 $	2017 $
NOTE 6 INCOME TAX		
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the of profit or loss and other comprehensive income	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
(Loss) before income tax expense	**(1,603,361)**	(6,456)
Prima facie tax benefit on loss before income tax at 27.5% (2017: 27.5%)	**(481,008)**	(1,775)
Tax effect of:		
Amounts not deductible in calculating taxable income	180,545	
Tax losses not recognised	537,617	1,775
Tax effect of exploration expenditure	(267,356)	
Tax effect of exploration expenditure	30,203	
Income tax expense/(benefit)	**-**	-
(c) Deferred tax assets not brought to account are:		
Accruals/ Provisions	**3,960**	-
Business related costs	**130,874**	-
Tax losses	**537,617**	1,775
Total deferred tax assets not brought to account	**672,451**	1,775
(d) Deferred tax liabilities not brought to account are:		
Exploration Expenditure	267,356	-
Prepayments	**10,335**	-
Total deferred tax liabilities not brought to account	**277,691**	-

The benefit for tax losses will only be obtained if:

(i) The Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) The Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and

(iii) There are no changes in tax legislation in Australia which will adversely affect the Group in realising the benefit from the deductions for the losses.

At 30 June 2018, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiary as the Group has no liability for additional taxation should such amounts be remitted.

Notes to the Consolidated Financial Statements

NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2018 $	2017 $
Net loss for the year	**(1,603,361)**	(6,456)
Weighted average number of ordinary shares for basic and diluted loss per share.	**113,481,282**	2,221,398

Options on issue are not considered dilutive to the earnings per share as the Company is in a loss-making position.

Continuing operations		
- Basic and diluted loss per share (cents)	**(1.41)**	(0.29)

NOTE 8 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**1,334,827**	287,612
Short-term deposits	**3,001,529**	-
	4,336,356	287,612

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

The Group's exposure to interest rate and credit risks is disclosed in Note 14.

(a) Reconciliation of net loss after tax to net cash flows from operations		
Loss for the financial year	**(1,603,361)**	(6,456)
Adjustments for:		
Share-based payments	**556,735**	-
Changes in assets and liabilities		
Trade and other receivables	**(69,564)**	(65,041)
Trade and other payables	**49,423**	29,108
Net cash used in operating activities	**(1,066,767)**	(42,389)

NOTE 9 TRADE AND OTHER RECEIVABLES

GST receivable	**100,156**	22,608
Other deposits and receivables	**34,449**	42,433
	134,605	65,041

Notes to the Consolidated Financial Statements

NOTE 9 TRADE AND OTHER RECEIVABLES (CONT.)

(a) Allowance for impairment loss

Other receivables are non-interesting bearing and are generally on terms of 30 days.

NOTE 10 TRADE AND OTHER PAYABLES	**2018** **$**	2017 $
Trade payables (i)	**66,831**	22,608
Accrued expenses	**16,200**	6,500
	83,031	29,108

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 11 EXPLORATION AND EVALUATION	**2018** **$**	2017 $
Opening balance	**-**	-
Additions capitalised during the period	**963,939**	-
Acquisition of VMS Resources Pty Ltd	**356,747**	-
	1,320,686	-

NOTE 12 CONTRIBUTED EQUITY

(a) Issued and fully paid	**2018**		**2017**	
	No.	**$**	**No.**	**$**
Ordinary shares	**166,260,491**	**6,640,448**	6,750,001	330,001

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

(b) Movement reconciliation	**Number**	**$**
At 1 July 2016	-	-
Opening balance incorporation	1	1
Issue of Shares - $0.01 placement	3,000,000	30,000
Issue of Shares - $0.08 placement	3,750,000	300,000
At 30 June 2017	6,750,001	330,001
At 1 July 2017	**6,750,001**	**330,001**
Initial public offering - $0.20	**22,500,000**	**4,500,000**
Capital raising costs	**-**	**(350,500)**
Consideration shares for acquisition of VMS Resources Pty Ltd	**1,250,000**	**250,000**
Conversion of options at $0.25	**407,300**	**101,825**
Issue of Shares - $0.40 placement	**5,000,000**	**2,000,000**
Capital raising costs	**-**	**(210,787)**
	35,907,301	**6,620,539**
Share split capital restructure [(i)]	**165,891,731**	**-**
Conversion of options at $0.054	**368,760**	**19,909**
At 30 June 2018	**166,260,491**	**6,640,448**

Notes to the Consolidated Financial Statements

NOTE 12 CONTRIBUTED EQUITY CONTINUED

(i) The share split approved by shareholders on 16 May 2018, was completed on 29 May 2018. The volume weighted average price of the fully paid ordinary shares quoted on the ASX over the 5 trading days prior to the date of the meeting and subdivision ratio was calculated as follows; Subdivision rate = $0.9248 (5 day VWAP)/ $0.20 = 4.62.

NOTE 13 RESERVES	**2018** **$**	2017 $
Share-based payments	**556,735**	-
Issue of options	**45,000**	-
Entitlement Issue	**76,250**	-
	677,985	-
Movement reconciliation		
Share-based payments reserve		-
Balance at the beginning of the year	**-**	-
Equity settled share-based payment transactions (Note 16)	**556,735**	-
Listed Options issued to Xcel Capital (i)	**45,000**	-
Entitlement Issue (ii)	**76,250**	-
Balance at the end of the year	**677,985**	-

(j) The Company issued 4,500,000 listed options (20,790,000 listed options post capital restructure) to Xcel Capital Pty Ltd, in consideration for services provided as lead manager to the entitlement issue at an issue price of $0.01 per share to the value of $45,000. The presumption that the fair value of services received from Xcel is rebutted as it cannot be measured reliably, hence the use of the issue price.

(ii) During the period the Company issued 7,625,001 listed options (35,227,505 listed options post capital restructure) as part of an entitlement issue of one option for every four shares held by those Shareholders registered at the Record Date at an issue price of $0.01 per Share to raising $76,250.

Share-based payment reserve

The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

Notes to the Consolidated Financial Statements

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Group's financial instruments are as follows:

	2018	2017
Financial Assets	**$**	$
Cash and cash equivalents	**4,336,356**	287,612
Trade and other receivables	**134,605**	65,041
	4,470,961	352,653
Financial Liabilities		
Trade and other payables	**83,031**	29,108
	83,031	29,108

(a) Market risk

(i) Foreign exchange risk

The Group was not significantly exposed to foreign currency risk fluctuations.

(ii) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2018		2017	
	Weighted average interest rate (i)	**Balance $**	Weighted average interest rate	Balance $
Cash and cash equivalents	**1.83%**	**4,336,356**	0.6%	287,612

(jj) This interest rate represents the average interest rate for the period.

Sensitivity

Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

At 30 June 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

	Profit higher/(lower)	
Judgements of reasonably possible movements:	**2018 $**	2017 $
+ 1.0% (100 basis points)	**43,364**	2,876
- 1.0% (100 basis points)	**(43,364)**	(2,876)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

Notes to the Consolidated Financial Statements

NOTE 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

(c) Liquidity risk

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 its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.
The following are the contractual maturities of financial liabilities:

	6 months	6-12 months	1-5 years	> 5 years	Total
2018	**$**	**$**	**$**	**$**	**$**
Trade and other payables	**83,031**	**-**	**-**	**-**	**83,031**
2017					
Trade and other payables	29,108	-	-	-	29,108

(d) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 15 RELATED PARTY DISCLOSURE

(a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	2018	2017
	$	$
Short-term benefits	**182,000**	-
Other	**15,000**	-
Post-employment benefits	**-**	-
Share-based payments	**556,735**	-
	753,735	-

Information regarding individual Directors compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

Notes to the Consolidated Financial Statements

NOTE 15 RELATED PARTY DISCLOSURE CONTINUED

(a) Transactions with related parties

The following transactions occurred with related parties:	**2018**	2017
	$	$
Company secretarial and financial management services from Mirador Corporate Pty Ltd (director related entity of Jeremy King)	**96,921**	-

Trade and other payables to related parties:	**2018**	2017
	$	$
Company secretarial and financial management services from Mirador Corporate Pty Ltd (director related entity of Jeremy King)	**8,796**	-
Director fee payable to Billandbry Consulting Pty Ltd (director related entity of William Oliver)	**15,125**	-
Director fee payable to Bushwood Nominees Pty Ltd (director related entity of Jeremy King)	**3,000**	-

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 16 SHARE-BASED PAYMENTS

	2018	2017
	$	$
(a) Recognised share-based payment transactions		
Options issued to Directors (i)	**556,735**	-
	556,735	-

(i) Options issued to Directors

On 19 December 2017, the Company issued 5,000,000 options (23,100,000 options post capital restructure) to the Directors, exercisable at $0.25 ($0.054 post capital restructure) on or before 19 December 2020.

(b) Summary of options granted during the year

Options	Issue Date	Date of Expiry	Exercise Price	Balance at the start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year
Directors	19/12/2017	19/12/2020	0.054	-	23,100,000	-	-	23,100,000
				-	23,100,000	-	-	23,100,000

* The option was issued on 19/12/2017 but was granted on 30/11/2017. The above number of options are shown post capital restructure on 29 May 2018.

Notes to the Consolidated Financial Statements

NOTE 16 SHARE-BASED PAYMENTS CONTINUED

The options issued to the Directors of the Company, have been valued using the Black-Scholes model. The model and assumptions are shown in the table below:

Black-Scholes Option Pricing Model	
	Directors
Grant Date	30/11/2017
Vesting Date	19/12/2020
Strike (Exercise) Price	$0.054
Underlying Share Price (at date of issue)	$0.063
Risk-free Rate (at date of issue)	1.89%
Volatility	100%
Number of Options Issued	23,100,000
Dividend Yield	0
Probability	100%
Black-Scholes Valuation	$0.0412
Total Fair Value of Options	$951,795

*The above values are shown post capital restructure on 29 May 2018.

NOTE 17 COMMITMENTS

Exploration commitments	**2018** **$**	2017 $
Within one year	**364,432**	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	364,432	-

NOTE 18 CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2018 (2017: nil).

NOTE 19 AUDITOR'S REMUNERATION

	2018 **$**	2017 $
Amounts received or due and receivable by RSM Australia Partners for:		
Audit and review of the annual and half-year financial report	**30,200**	6,500
Other services - RSM Australia Pty Ltd for:		
- Investigating Accountant's Report	**6,818**	-
	37,018	6,500

Notes to the Consolidated Financial Statements

NOTE 20: ACQUISITION

On the 1 November 2017 the Group announced the completion of the acquisition of 100% of the issued capital of VMS Resources Pty Ltd. As the Company held the Quartz Bore Project, with no inputs or outputs were acquired, the acquisition was assessed as an asset acquisition rather than a business combination.

The deemed consideration was the issue of 1,250,000 shares and is deemed to have a value of $250,000 and cash consideration of $50,000.

On initial recognition, the fair value of shares issued has been determined by reference to the initial public offer price of $0.20 as the acquisition was contingent on the completion of the capital raising.

Purchase consideration was as follows:

	2018
	$
Value of Share Consideration issued	**250,000**
Cash Consideration	**50,000**
	300,000

Net assets acquired are as follows:

	2018
	$
Cash at Bank	**1,200**
Exploration and Evaluation Expenditure	**356,747**
Trade and other payables	**(57,947)**
	300,000

NOTE 21 INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	**Country of Incorporation**	**Ownership interest**	
			2018	2017
			%	%
VMS Resources Pty Ltd	Exploration	Australia	**100**	-

Notes to the Consolidated Financial Statements

NOTE 22 PARENT ENTITY

	2018	2017
	$	$
Assets		
Current assets	**4,416,597**	287,612
Non-current assets	**1,375,055**	65,041
Total assets	**5,791,652**	352,653
Liabilities		
Current liabilities	**83,031**	29,108
Total liabilities	**83,031**	29,108
Equity		
Contributed equity	**6,640,448**	330,001
Reserves	**677,985**	-
Accumulated losses	**(1,609,812)**	(6,456)
Total equity	**5,708,621**	323,545
Loss for the year	**(1,603,356)**	(6,456)
Total comprehensive loss	**(1,603,356)**	(6,456

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Exploration commitments
The parent entity had exploration commitments as disclosed in Note 17.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be a an impairment of the investment.

Notes to the Consolidated Financial Statements

NOTE 23 EVENTS AFTER THE REPORTING DATE

On 27 July 2018 101,364 fully paid ordinary shares were issued upon the conversion of quoted options ($0.054 expiring 08 December 2019).

On 16 August 2018 711,864 fully paid ordinary shares were issued upon the conversion of quoted options ($0.054 expiring 08 December 2019).

On 7 September 2018 716,864 fully paid ordinary shares were issued upon the conversion of quoted options ($0.054 expiring 08 December 2019).

On 20 August 2018 the passing of resolution 1 at the general meeting satisfied the Shareholder Approval pre-condition to TNO's acquisition of a $73.95% stake in the SPD Vanadium Project.

The final pre-condition was satisfied 27 August 2018 with the South African Reserve Bank approval, making the acquisition unconditional. Completion of the acquisition is anticipated to occur in September 2018.

Other than the above, there has no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

Directors' Declaration

In the Directors' opinion:

a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
   i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date.

b) The financial statements and notes comply with International Financial Reporting Standards as described in Note 1 to the financial statements.

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

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

William Oliver
Managing Director

21 September 2018

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au
www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
TANDO RESOURCES LIMITED

Opinion

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

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Acquisition of subsidiary
Refer to Note 20 in the financial statements</td></tr>
<tr><td>During the year, the Group acquired 100% interest of VMS Resources Pty Ltd (VMS) for a purchase consideration of $300,000.

The accounting for this acquisition is considered to be a key audit matter because it involved the exercise of judgment in relation to:

• Determining whether the transaction is a business combination or an asset acquisition, based on whether the definition of a business in AASB 3 Business Combinations was met;
• Determining the fair value of the consideration paid; and
• Determining the acquisition date.</td><td>Our audit procedures in relation to the acquisition of VMS included:

• Reviewing the binding heads of agreement to understand key terms and conditions;
• Evaluating the management determination that the acquisition did not meet the definition of a business within AASB 3 Business Combinations and therefore was an asset acquisition as opposed to a business combination;
• Evaluating the assumptions and methodology in management's determination of the fair value assets and liabilities acquired;
• Assessing management's determination of the fair value of consideration paid; and
• Assessing the appropriateness of the disclosures in the financial report.</td></tr>
<tr><td colspan="2">Carrying Value of Exploration and Evaluation Expenditure
Refer to Note 11 in the financial statements</td></tr>
<tr><td>The Group has capitalised a significant amount of exploration and evaluation expenditure with a carrying value of $1,320,686 as at 30 June 2018.

We considered this to be a key audit matter due to the management judgments involved in assessing the carrying value of the asset including:

• Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;
• Assessing whether any indicators of impairment are present; and
• Determination of whether exploration activities have reached a stage at which the existence of an economically recoverable reserves may be determined.</td><td>Our audit procedures in relation to the carrying value of the exploration and evaluation expenditure included:

• Obtaining evidence that the Group has valid rights to explore in the specific area of interest;
• Reviewing and enquiring with management the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exists;
• Enquiring with management and reviewing budgets and plans to test that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific area of interest; and
• Critically assessing and evaluating management's assessment that no indicators of impairment existed in relation to the activities in the specific area of interest.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2018.

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

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 21 September 2018

TUTU PHONG
Partner

Corporate Governance Statement

The Board of Directors of Tando Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at http://www.tandoresources.com.au/corporate-governance

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 19 September 2018.

TWENTY LARGEST SHAREHOLDERS

		Number Held	Percentage
1	SANGREAL INVESTMENTS PTY LTD	5,138,000	3.21%
2	MALCORA PTY LTD	4,650,000	2.91%
3	TELL CORPORATION PTY LTD	4,600,000	2.87%
4	GOLDEN DAWN LIMITED	4,404,000	2.75%
5	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	4,214,331	2.63%
6	RIMOYNE PTY LTD	3,140,000	1.96%
7	JP SECURITY HOLDINGS PTY LTD <JP A/C>	2,633,400	1.65%
8	PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C>	2,500,000	1.56%
9	PACKER ROAD NOMINEES PTY LTD	2,310,000	1.44%
10	ALWAYS HOLDINGS PTY LTD <BUHAGIAR S/F A/C>	2,300,000	1.44%
11	METIS PTY LTD	2,100,000	1.31%
12	VANTAGE HOUSE LIMITED	1,987,000	1.24%
13	FINNIAN GROUP PTY LTD	1,709,400	1.07%
14	BORG GEOSCIENCE PTY LTD	1,600,000	1.00%
14	MONSLIT PTY LTD <ANTONIO TORRESAN SUPER A/C>	1,600,000	1.00%
15	MELBOR PTY LTD <RJW FAMILY A/C>	1,559,250	0.97%
16	MAINVIEW HOLDINGS PTY LTD	1,500,000	0.94%
16	SCOPET SUPER FUND PTY LTD <SCOPET SUPER FUND A/C>	1,500,000	0.94%
17	ST BARNABAS INVESTMENTS PTY LTD <THE MELVISTA FAMILY A/C>	1,486,000	0.93%
18	CITICORP NOMINEES PTY LIMITED	1,451,592	0.91%
19	TIALING PTY LTD <TIALING SUPER FUND A/C>	1,450,000	0.91%
20	MR DAVID JAMES WALL	1,443,750	0.90%
Total: Top 20 holders of ORDINARY FULLY PAID SHARES		**55,276,723**	**34.54%**

ASX Additional Information

DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 167,790,583 fully paid shares held by 788 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, is:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	35	3,403	0.00%
1,001 - 5,000	55	205,106	0.12%
5,001 - 10,000	69	506,023	0.30%
10,001 - 100,000	371	15,513,078	9.25%
100,001 - 9,999,999,999	258	151,562,973	90.33%
Total	788	167,790,583	100%

(ii) Unlisted Options

- 23,100,000 unquoted options with an exercise price of $0.054 and an expiry date of 19/12/20.

ASX Additional Information

(iii) Listed options

- 52,237,043 quoted options with an exercise price of $V0.054 and an expiry date of 8/12/19.

TWENTY LARGEST LISTED OPTION HOLDERS

		Number Held	**Percentage**
1	UBS NOM PTY LTD <UBS A/C>	5,611,657	10.74%
2	PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C>	4,215,755	8.07%
3	SANGREAL INVESTMENTS PTY LTD	3,500,000	6.70%
4	RIMOYNE PTY LTD	2,979,573	5.70%
5	MRS ALLISON MAREE BULSECO	2,081,888	3.99%
6	PHEAKES PTY LTD <SENATE A/C>	1,779,000	3.41%
7	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	1,748,675	3.35%
8	MALCORA PTY LTD	1,300,000	2.49%
9	MR DAVID JAMES WALL	1,276,913	2.44%
10	XCEL CAPITAL PTY LTD	1,155,000	2.21%
11	NATIONAL NOMINEES LIMITED	1,074,983	2.06%
12	CITICORP NOMINEES PTY LIMITED	970,200	1.86%
13	NIGHTFALL PTY LTD <NIGHTFALL SUPER FUND A/C>	850,000	1.63%
14	MR MICHAEL THOMAS ALBERT DUNN	830,000	1.59%
15	CLAIRAULT INVESTMENTS PTY LIMITED	820,000	1.57%
16	TROPICAL HARVEST PTY LTD	800,000	1.53%
17	MR ROBERT ERIC TERACE & MRS JUDITH FAY TERACE	762,000	1.46%
18	FINNIAN GROUP PTY LTD	693,005	1.33%
19	ATKINS SUPERANNUATION FUND PTY LTD <ATKINS SUPER FUND A/C>	688,558	1.32%
20	PACKER ROAD NOMINEES PTY LTD	577,500	1.11%
	Total	**33,714,707**	**64.54%**

SUBSTANTIAL SHAREHOLDERS

There are no substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001.

VOTING RIGHTS

Ordinary shares
On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options
Options carry no voting rights.

ASX Additional Information

UNMARKETABLE PARCELS

There were 60 holders of less than a marketable parcel of ordinary shares, which as at 19 September 2018 was 67,396.

RESTRICTED SECURITIES

There are 5,775,001 fully paid ordinary shares escrowed until 26 October 2018.

There are 1,957,725 fully paid ordinary shares escrowed until 3 November 2019.

There 23,100,000 unquoted options (exercisable at $0.054, expiring on 19 December 2020) escrowed until escrowed until 3 November 2019.

ON-MARKET BUY-BACK

There is currently no on-market buyback program for any of TNO Resources' listed securities.

ACQUISITION OF VOTING SHARES

No issues of securities have been approved for the purposes of Item 7 of Section 611 of the Corporations Act 2001.

TAX STATUS

The Company is treated as a public company for taxation purposes.

FRANKING CREDITS

The Company has no franking credits.

TENEMENT TABLE

Mining tenement interests held at the end of the quarter and their location

PERMIT NAME	PERMIT NUMBER	REGISTERED HOLDER / APPLICANT	AREA IN km2	PERMIT STATUS	PERMIT EXPIRY	INTEREST / CONTRACTUAL RIGHT
Pilbara Region, Western Australia						
Quartz Bore	E47/3352	VMS Resources Pty Ltd	15	Granted	21/12/2021	100%
Mt Sydney	E45/4939	Tando Resources Ltd	508	Application		100% on grant
Mt Vernon	E52/3560	Tando Resources Ltd	463	Granted	23/08/2022	100%