



**Annual Report**  
**for the year ended 30 June 2020**

## Corporate Directory

**ABN 83 116 095 802**

### **Directors**

Michael Atkins (Non-Executive Chairman)

Stephen Stone (Managing Director)

James Guy (Non-Executive Director)

### **Company Secretary**

Jade Styants

### **Principal Place of Business and Registered Office**

Suite 2, 11 Ventnor Avenue

WEST PERTH WA 6005

Phone: (08) 9322 7018

### **Postal Address**

PO Box 437

WEST PERTH WA 6872

### **Bankers**

National Australia Bank Limited

### **Share Register**

Automatic Pty Ltd

PO Box 52

Collins Street West Vic 8007

Phone (within Australia): 1300 993 916

Phone (outside Australia): +61 3 9628 2200

### **Auditors**

BDO Audit (WA) Pty Ltd

38 Station Street

SUBIACO WA 6008

### **Internet Address**

[www.castleminerals.com](http://www.castleminerals.com)

### **Email Address**

[info@castleminerals.com](mailto:info@castleminerals.com)

### **Stock Exchange Listing**

Castle Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: CDT).

### **Corporate Governance Statement**

[www.castleminerals.com/corporategovernance.php](http://www.castleminerals.com/corporategovernance.php)

## Contents

Chairman's Letter	3
Annual Review – Mineral Resources	5
Directors' Report	7
Auditor's Independence Declaration	20
Consolidated Statement of Profit or Loss and Other Comprehensive Income	21
Consolidated Statement of Financial Position	22
Consolidated Statement of Changes in Equity	23
Consolidated Statement of Cash Flows	24
Notes to the Consolidated Financial Statements	25
Directors' Declaration	42
Independent Audit Report	43
ASX Additional Information	47

## Chairman's Letter

Dear Fellow Shareholders,

I am pleased to report on what's been a very busy and productive year for Castle Minerals during which it has substantially increased its exposure to Western Australia gold exploration whilst also maintaining its valuable Ghanaian interests despite the COVID-19 related logistical difficulties in servicing them.

The Company's high level of activity at both the corporate and project levels has been against a very welcome backdrop of a rising gold price and buoyant conditions in the Australian gold sector which we have sought to obtain maximum leverage from.

Exploration continued at the Company's Pilbara located Beasley Creek gold project with anomalous gold values in stream sediment sampling highlighting the prospectivity of several areas we are keen to investigate further. This project was complemented early in 2020 with the addition of the Wanganui and Polelle gold projects located in the prolific Meekatharra gold mining district of Western Australia.

Wanganui provides an excellent opportunity to extend shallow mined mineralisation and, subject to drilling success, add a possible valuable resource to the Meekatharra landscape. Polelle is an earlier stage but still very attractive exploration proposition given its excellent structural and lithological attributes plus proximity to local infrastructure.

During April - July 2020 the Company completed two placements of new shares which raised a combined \$1.46 million. This enabled Castle to embark on a maiden drill programme at the recently acquired Wanganui gold project which subsequently confirmed high-grade and relatively shallow mineralisation in the vicinity of the historical North and South pits on the Main Lode and at the sub-parallel East Lode.

Castle also received the final consideration of \$250,000 in respect to the completion of the sale of the Julie West Project in Ghana to Azumah Resources Limited (Azumah).

The intense pace of activity has continued since the end of the reporting period with the Company having just completed a high resolution aeromagnetic survey that covered the entire Wanganui and Polelle project areas. The aim of this initiative is to enhance the understanding of the geological structure, lithology and regolith of both ahead of a follow-up RC drilling programme at Wanganui and a multi-target soil sampling campaign at Polelle, both of which are expected to be completed in coming months.

The Company's Ghanaian assets comprising one of the largest contiguous and prospective licence holdings in West Africa, held through 100% owned Carlie Mining Limited, and include the Kpali and Bundi gold resources located on the Degbiwu and Gbiniyiri licences. The latter two licences have been farmed out to Ghanaian company, Iguana Resources Limited. It may spend up to a total of US\$11.7 million in three stages over the next five years to earn an 80% interest. Ghana Government approval for this transaction was moved closer to finalisation during the year. Following the sale of the Julie West licence to Azumah Resources Limited, Castle retains a valuable 4% gross gold royalty on the licence which forms a key component of Azumah's adjacent Wa Gold Project.

Several recent multi-million dollar M&A transactions in West Africa highlight the continuing international interest in the region given its propensity to deliver discoveries of substantial gold deposits, not least the adjacent Wa Gold Project.

## Chairman's Letter Continued

Castle is also keen to acquire new opportunities and management continues to generate and assess a range of new opportunities against the Company's acquisition criteria.

The Board, management and I would like to thank all shareholders for their continuing support as we continue to work to grow your Company in these interesting times.

Sincerely



Michael Atkins  
Chairman  
15 September 2020

## Annual Review – Mineral Resources

### Gold Mineral Resources

Table 1: Gold Mineral Resource Estimates

Project	Indicated			Inferred			Total			Lower Cut-off Au g/t
	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz	
Kandia 8000 Zone				229,000	1.8	13,000	229,000	1.8	13,400	1.0
Kandia 4000 Zone	1,772,000	1.0	57,700	777,000	0.9	21,500	2,549,000	1.0	79,200	0.5
Kpali				2,914,000	1.1	107,200	2,914,000	1.1	107,200	0.5
Total	1,772,000	1.0	57,700	3,920,000	1.1	141,700	5,692,000	1.1	199,800	

NB: Some totals may not add exactly due to rounding

Full Mineral Resource parameters can be found in the below listed ASX releases:

- (i) 2 July 2014 - reporting of Kandia 8000 Zone Mineral Resource and appended JORC Code, 2012 Edition – Section 3
- (ii) 2 July 2014 - reporting of Kpali Mineral Resource and appended JORC Code, 2012 Edition – Section 3
- (iii) 18 January 2014 – reporting Kpali Drilling Results inclusive of JORC Code, 2012 Edition - Table 1

### Graphite Mineral Resource

In 2012 Castle announced a maiden resource estimate for its Kambale Graphite Project of 14.4 million tonnes graphite grading 7.2%C (graphitic carbon) for 1.03 million tonnes contained graphite (Inferred Mineral Resource) (Table 2).

Table 2: Kambale Deposit July 2012 Inferred Mineral Resource Estimate (5%C cut-off grade)

Type	Tonnes Mt	Carbon (C) %	Contained C t
Oxide	3.4	7.1	243,000
Fresh	11.0	7.2	793,000
<b>Total</b>	<b>14.4</b>	<b>7.2</b>	<b>1,036,000</b>

### Governance and Internal Controls

Castle Minerals Limited has a firm policy to only utilise the services of external independent consultants to estimate Minerals Resources. The Company also has established practices and procedures to monitor the quality of data applied in Mineral Resource estimation, and to commission and oversee the work undertaken by external independent consultants.

In all cases Mineral Resources are estimated and reported in accordance with the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mineral Resources reported in accordance with the 2004 Edition of the JORC Code (Kambale graphite project) were prepared by Runge Limited. Mineral Resources reported in accordance with the 2012 Edition (Kandia 8000 Zone and Kpali) were prepared by Castle Minerals Limited and reviewed by Runge Limited.

The Company confirms that all material assumptions underpinning the Mineral Resources and any forecast information continue to apply and have not materially changed.

Further information on Castle Minerals Limited and its Ghana projects and Minerals Resources can be found on its website at [www.castleminerals.com](http://www.castleminerals.com) which contains copies of all continuous disclosure documents to ASX, Competent Persons' Statements and Corporate Governance Statement and Policies.

## Annual Review – Mineral Resources Continued

### Schedule of Tenements

Tenement and Name		Interest at 30 June 2020
<b>WESTERN AUSTRALIA</b>		
E47/3490	Beasley Creek	80%
E51/1703	Wanganui	100%
E51/1843	Polelle	100%
<b>GHANA <sup>(1)</sup></b>		
RLA	Chache	Application
RLA	Jewoyeli	Application
RLA	Takariyili	Application
RLA	Tuole	Application
RL. 10/23	Jang	100%
RL. 10/13	Wa	100%
PL. 10/26	Degbiwu <sup>(2)</sup>	100%
PL. 10/23	Bulenga	100%
PL. 10/25	Charingu	100%
PLA	Kandia	Application
PL. 10/24	Baayiri	100%
RL. 8/27	Gbiniyiri <sup>(2)</sup>	100%
RL. 8/28	Gurungu	100%
RL. 8/31	Jumo	100%
RL. 8/30	Chasia	100%
RL. 8/29	Perisi	100%
RLA	Funsi	Application
PL. 10/47	Kambale	100%

- (1) Government of Ghana has the right to acquire a 10% free carried interest in all licences and is entitled to a 5% Gross Royalty on production. All licences are held in 100% owned Ghana based subsidiary, Carlie Mining Limited. Where required, Castle has lodged applications for extension of the licences and in those cases may be awaiting renewal or extension of the licences.
- (2) On 14 August 2020 Carlie Mining Limited executed a binding term sheet with private Ghanaian company Iguana Resources Limited, whereby Iguana may earn up to an 80% interest in Carlie's Degbiwu and Gbiniyiri prospecting licences located in Ghana's Upper West region by spending a total of US\$11.7 million in three stages over five years. The Ghana Minister of Mines and Natural Resources has consented to the transaction. Iguana is finalising documentation with MINCOM.

### Cautionary Statement

The Western Australian Projects are generally considered to be of early stage or grass roots exploration status. Whilst gold has been demonstrated to be present on the Company's licences by prior holders of the licences and/or by the Company, no Competent Person has done sufficient work in accordance with JORC Code 2012 to conclusively determine if gold is present in economic accumulations. It is possible that following further evaluation and/or exploration work that the confidence in the information used to identify and acquire interests in the areas of interest may be reduced when reported under JORC Code 2012.

### Competent Persons Statement

The scientific and technical information in this Report that relates to the geology of the deposits and exploration results is based on information compiled by Mr Stephen Stone, who is an Executive Director of Castle Minerals Limited. Mr Stone is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stone is the Qualified Person overseeing Castle's exploration projects and has reviewed and approved the disclosure of all scientific or technical information contained in this announcement that relates to the geology of the deposits and exploration results.

## Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the "Group") consisting of Castle Minerals Limited ("Company") and the entities it controlled at the end of, or during, the year ended 30 June 2020.

### DIRECTORS

The names and details of the Group's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

#### Names, qualifications, experience and special responsibilities

**Michael Atkins**, B.Comm, FAICD (Non-Executive Chairman).

Michael is a Fellow of the Australian Institute of Company Directors and was previously a Fellow of the Institute of Chartered Accountants in Australia.

Since 1987 Mr Atkins has been involved in the executive management and as a non-executive Chairman of numerous publicly listed resource companies with operations in Australia, USA, South East Asia and Africa, including as managing director of Claremont Petroleum NL and Beach Petroleum NL during their reconstruction phase, and as founder and executive chairman of Botswana gold company Gallery Gold Ltd. Mr Atkins has been non-executive Chairman of numerous ASX listed companies, including Westgold Resources and Azumah Resources.

Mr Atkins is currently a Senior Corporate Advisor to Canaccord Genuity (Australia) Ltd, and non-executive chairman of Legend Mining Ltd, and non-executive director of SRG Global Limited, both ASX listed. Mr Atkins was non-executive Chairman of Azumah Resources Limited until his resignation in December 2019 and has not held any other former public company directorships in the last three years.

**Stephen Stone**, BSc (Hons) Mining Geology, MAusIMM, FAICD, (Managing Director).

Mr Stone graduated with honours in Mining Geology from University of Wales, Cardiff and has since gained more than 40 years' operating, project evaluation, executive management and corporate development experience in the international mining and exploration industry.

Mr Stone worked for several years at the large open pit and underground copper mines of the Zambian Copperbelt. He came to Australia in 1986 and since then has been involved in the formation and management of several junior ASX listed exploration companies.

Mr Stone is a Member of the Australasian Institute of Mining and Metallurgy, a Fellow of the Australian Institute of Company Directors and a member of the Editorial Board of International Mining Magazine. Within the last three years Mr Stone was Managing Director of former listed public company Azumah Resources Limited until his resignation in November 2019 and was also a non-executive director of ASX listed public company Alto Metals Limited until his resignation in July 2018.

**James Guy**, BAppSc, GradDipApplFin, (Non-Executive Director).

Mr Guy is a geologist who brings with him more than 30 years of technical experience in the mining industry, both locally and internationally, with extensive experience in exploration, project feasibility and mining operations. Mr Guy has previously held senior executive positions with several ASX listed junior resource companies and with banking group, NR Rothschild & Sons. He is currently principal of James Guy & Associates Pty Ltd.

Mr Guy has not held any former public company directorships in the last three years.

### COMPANY SECRETARY

**Jade Styants**, BCom, CA, FCIA, FCIS.

Mrs Styants is a Fellow Chartered Secretary, Chartered Accountant and corporate finance professional with over 20 years' experience assisting a range of Australian and international listed and unlisted companies across a range of industry sectors.



## Directors' Report continued

### Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Castle Minerals Limited were:

	Ordinary Shares	Options over Ordinary Shares
Michael Atkins	17,841,189	2,000,000
Stephen Stone	48,961,627	8,000,000
James Guy	3,318,990	4,000,000

### PRINCIPAL ACTIVITIES

During the year the Group carried out exploration on its tenements and acquired additional tenements with the objective of identifying gold and other economic mineral deposits.

There was no significant change in the nature of the Group's activities during the year.

### DIVIDENDS

No dividends were paid, declared or recommended during the financial year.

### REVIEW OF OPERATIONS

Please refer to the relevant releases made by the Company to the ASX.

#### Meekatharra Region, Western Australia

On 29 June 2020 the Company completed the 100% acquisition of the Wanganui and Polelle gold projects located in the prolific Meekatharra gold mining district of Western Australia.

#### Wanganui

At the Wanganui gold project (E51/1703, 18.4km<sup>2</sup>), 33km south-west of the active Meekatharra mining centre and 15km south-west of the operating Bluebird gold mine, the opportunity is to quickly test for down-plunge and along strike extensions to the existing Main Lode North and South deposits, as well as for other similar targets.

In 2002, when the gold price was much lower than present, these were partially open-pit mined to recover easily available shallow oxide ore to a depth of approximately 30m. Until recently, very little work has been focused on testing for the possibility of deeper mineralisation below the supergene oxidised zone.

The Main Lode mineralisation, which can be intermittently traced for at least 1km, is one of at least four sub-parallel, northeast striking and structurally analogous mineralised zones. The others are the East Lode, the Far East Lode and the Queenslander reef line where anomalous mineralisation has been confirmed over 1km, 400m and 200m respectively.

Encouraging results from a reconnaissance rock-chip and mullock sampling programme completed by Castle in late June 2020 at Wanganui returned assays of up to 88.9g/t.

A 2,245m, 39-hole reverse circulation drilling programme was undertaken in August 2020 and successfully confirmed high-grade mineralisation below the base of the shallow Main Lode's North and South pits, and to the south of the sub-parallel East Lode. More reconnaissance style, shallow hole drilling at the Far East Lode and at two other interpreted trending structures further east returned a series of low-order intercepts confirming these trends are valid targets and warrant more attention.

Subsequent to year-end and ahead of a planned follow-up RC drill programme, the Company completed a 5,136 line-km high-resolution aeromagnetic and radiometric survey that covered the entire Wanganui and Polelle gold projects. The survey comprised 555 line-km at Wanganui and 4,581 line-km at Polelle. The data generated is presently being processed and will then be analysed and interpreted by the Company's geophysical consultant.

The enhanced structural information gathered will greatly assist targeting of the next drilling programme at Wanganui and a planned auger programme at Polelle (refer below).

#### Polelle

The Polelle gold project (E51/1843, 144.5km<sup>2</sup>), 25km south of Meekatharra and 7km southeast of the operating Bluebird Mine, hosts a mainly obscured and minimally explored greenstone belt comprising a combination of prospective lithological units and major structural features. This includes the Albury Heath shear which hosts the Albury Heath deposit (Inferred Resource

## Directors' Report continued

of 528,000t at 2.09g/t Au for 35,479oz Au) immediately adjacent to the east boundary of the licence. Regional aeromagnetics have indicated that the southwest trending Albury Heath shear is traceable onto the Polelle project area for some 7.5km.

Whilst historical exploration has generated sporadic shallow RAB drill hole, rock chip and geochemical gold anomalies, the sampling techniques employed are considered unreliable given that 70% of the project area is covered by a veneer of transported cover.

The opportunity therefore is for Castle to use a modern understanding of regional and local tectonics, structure and the regolith along with appropriately designed sampling techniques to more effectively test the underlying prospective Archaean greenstone lithologies for gold.

Reinforcing the excellent location of Polelle, is that it is 12km west of the Gabanintha Mine, 11km east of the Nannine group of gold mines and is easily accessed via sealed and good quality unsealed highways.

The recently completed aeromagnetic and radiometric survey (refer above) will enable Castle to finalise the design of a multi-target soil sampling campaign. A key area of interest will be the Albury Heath shear and several other areas of combined structural and lithological merit.

### **Pilbara Region, Western Australia**

#### **Beasley Creek**

The Beasley Creek project lies on the northern flanks of the Rocklea Dome in the southern Pilbara. The strategy there now is to define structural gold targets within the various Archean sequences. These lie immediately above and below the 16km east-west striking conglomerate horizons which had previously been the primary focus of exploration by Castle. The sheared granite - greenstone contact and the "Paulsen Gold Mine" type setting within the gabbro/dolerite units, that intrude the Hardy Sandstone in the northern part of the project area, are of particular interest.

The Company recently completed a stream sediment sampling campaign which defined four distinct zones of strong gold anomalism highlighting the prospectivity of this relatively under-explored region.

All 47 samples collected returned indications of gold with a peak value of 92.1ppb Au. At Beasley West, sampling was designed to investigate drainage associated with north-west trending structures traversing a series of dolerites intruding into the Hardy Sandstone Formation. Collectively, this was the most strongly anomalous of the areas sampled.

In the Beasley Central region, all samples collected from south east trending drainage within 'Old Archean' metasediments below the Fortescue Group returned positive values, including the 92.1ppb Au value. Whilst there is evidence of some early prospector activity in the area, the rugged terrane appears to have deterred more systematic exploration. Regional aeromagnetic data indicates the stratigraphy here has undergone considerable deformation which may have created a favourable setting for gold mineralisation.

Sampling to the south of a prominent east-west trending chert ridge at Beasley East returned a tight cluster of strongly anomalous values at the contact between the 'Old Archean' metasediments and a regionally prominent granite dome. The target here is contact-style gold mineralisation.

In the Beasley Far East area, sampling designed to test a sequence of basalts and breccia units lying immediately above the Hardy Formation produced a coherent cluster of anomalous results, albeit of much lower order than the other zones of anomalism. Castle considers these units to be favourable hosts rocks for gold mineralisation and is encouraged by the anomalism returned in this first-pass sampling programme.

The high-level of early-stage encouragement provided by this stream sediment sampling programme in what is regarded as a generally remote and under-explored area supports a follow-up programme to advance this project as rapidly as possible to a stage where drill targets can be defined and tested.

### **Ghana**

The Company's Ghanaian assets comprising one of the largest contiguous and prospective licence holdings in West Africa, held through 100% owned Carlie Mining Limited, and include the Kpali and Bundi gold resources located on the Degbiwu and Gbiniyiri licences. The latter two licences have been farmed out to Ghanaian company, Iguana Resources Limited which may spend up to a total of US\$11.7 million in three stages over the next five years to earn an 80% interest. Ghana Government approval for this transaction was moved closer to finalisation during the year.

## Directors' Report continued

The Company also completed the transfer by the Ghanaian government of the Julie West licence to its purchaser, Azumah Resources Limited. The Company has retained a 4% net smelter precious metal royalty over the Julie West licence which comprises a key component of Azumah's Wa Gold Project. The Julie West licence hosts the Julie West and Danyawu Ore Reserves of 49,300oz and 10,500oz respectively and the Julie West, Danyawu and Alpha-Bravo Mineral Resources of 64,100oz, 16,000oz and 20,000oz respectively.

During the year the Company also undertook a desk-top geological review of its other Ghana licence holdings with a view to prioritising targets for further work and identifying which areas may be surplus to requirements.

### New Projects

Castle is keen to acquire new opportunities and management continues to generate and assess a range of new opportunities against the Company's acquisition criteria.

### Finance Review

The Group began the financial year with a cash reserve of \$242,288. During the year the Group raised \$488,000 (before costs) from the issue of 122,000,000 fully paid ordinary shares. Funds were used primarily to explore the Group's conglomerate gold projects located in the Kimberley region.

During the year total exploration expenditure incurred by the Group amounted to \$433,505 (2019: \$175,058). In line with the Company's accounting policies, all exploration expenditure is expensed as incurred. The Group realised gains during the year on the sale of tenements of \$278,586 (2019: nil) and financial assets of \$61,042 (2019: \$81,219). Net administration expenditure incurred amounted to \$681,554 (2019: \$319,680). The Directors remain committed to preserving cash across the Group. During the year the Directors resolved to issue shares in lieu of directors' fees from 1 January to 30 September 2020, resulting in cash savings of \$33,253 (2019: \$61,003).

The Group incurred an operating loss after income tax for the year ended 30 June 2020 of \$775,247 (2019: \$494,738).

#### *Going concern*

For the year ended 30 June 2020 the entity recorded a loss of \$775,247 (2019: \$494,738) and had net cash outflows from operating activities of \$449,925 (2019: \$444,303) and had working capital of \$337,085 (2019: \$110,710).

The Group currently has no cash generating assets in operation and \$434,475 of available funds at 30 June 2020.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raisings and/or sale of interests in projects to continue to fund its operational and marketing activities.

The COVID-19 pandemic, announced by the World Health Organisation on 31 January 2020, is having a negative impact on world stock markets, currencies and general business activity. The Group has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the entity to raise capital in the current prevailing market conditions.

These conditions indicate a uncertainty that may cast a doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report. Subsequent to year end the entity has received additional funds via further capital raisings as set out in note 17.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- on 14 August 2019 the Group entered into a joint venture arrangement with privately owned Ghana registered company, Iguana Resources Limited, whereby Iguana will sole fund exploration to earn an interest of up to 80% in the Degbiwu and Gbiniyiri prospecting licenses in Ghana ("Licences") spending a total of US\$11.7 million in three stages over five years. This will accelerate exploration on the Licences, while allowing the Group to retain exposure to the Licences. Iguana is obliged to meet all statutory expenditure requirements for the Group;
- on 23 October 2019 the Company amended the Julie West Put Option and Sale Agreement ("Option Agreement") whereby the parties to that Option Agreement waived the condition precedent requiring the approval of the Ghana Minister of Mines and Natural Resources to the transfer to Azumah Resources Limited of the Julie West prospecting licence (refer ASX releases 28 September 2015 and 27 April 2016). Azumah subsequently made the final cash payment of A\$250,000 to

## Directors' Report continued

complete the sale of the Julie West prospecting licence. Pursuant to the Option Agreement, the Group will retain a 4% net smelter precious metal royalty over the Julie West prospecting licence.

- on 16 July 2020 the Company raised \$973,078 (before costs) from the issue of 97,307,818 fully paid ordinary shares; and
- the Directors are confident that they will be able to raise additional equity as and when required.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

### Operating Results for the Year

Summarised operating results are as follows:

	2020	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss before income tax expense	<b>339,812</b>	<b>(775,247)</b>

### Shareholder Returns

	2020	2019
Basic loss per share (cents)	<b>(0.3)</b>	(0.2)

### Risk Management

The board is responsible for ensuring that risks, and opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has several mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

### CORPORATE GOVERNANCE

The board are committed to achieving and demonstrating the high standard of corporate governance. The Corporate Governance Statement for the Group was approved by the board on 15 September 2020 and can be view on the Company's website at [www.castlemineals.com](http://www.castlemineals.com).

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report no significant changes in the state of affairs of the Group occurred during the financial year.

### SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No matters or circumstances, besides those disclosed at note 17, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Directors' Report continued

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

## Directors' Report continued

### REMUNERATION REPORT (AUDITED)

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

#### Principles used to determine the nature and amount of remuneration

##### **Remuneration policy**

The remuneration policy of Castle Minerals Limited has been designed to align director and executive interests with shareholder and business objectives by providing a fixed remuneration component and offering specific short term and long term incentives designed to encourage improved performance.

The board of Castle Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain qualified and experienced directors to run and manage the Group.

The remuneration policy, setting the terms and conditions for the board members, executive directors and other senior executives, was developed by the board. All executives receive a base salary and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements, from time to time.

The executive directors and executives who receive a salary from the Company also receive a superannuation guarantee contribution required by the government, which was 9.5% for the 2020 financial year, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using either the Black-Scholes or Binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$200,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option issues.

##### **Elements of remuneration**

###### **- Fixed remuneration**

Executive fixed remuneration is competitively structured and comprises the fixed component of the remuneration package. The fixed component includes cash and superannuation to comprise the employee's total employee cost. Fixed remuneration is designed to reward the Executive for the scope of their role, their skills, experiences and qualifications, together with their individual performance.

###### **- Short term incentive (STI)**

The Company implemented a short term incentive plan during the 2020 financial year in respect to the Managing Director. The Managing Director will have the opportunity to earn a discretionary annual incentive award, delivered in the form of cash. The STI is reviewed on a quarterly basis by the Board, who is responsible for determining the achievement of targets and assessing as to whether a bonus amount is paid (including making no payment) based on the achievement of strategic and or business objectives. No STI's has been paid at 30 June 2020.

The objective of a variable STI remuneration is to link the achievement of the Company's operational targets with the remuneration received by the Managing Director charged with meeting those targets. The Company's STI objectives are to motivate the Managing Director to achieve the short term annual objectives linked to Company success and shareholder value creation, create a strong link between performance and reward, share Company success with the Managing Director as he contributes to it and create a component of the employment costs that is responsive to short and medium terms changes in the circumstances of the Company.

## Directors' Report continued

### - Long term incentive (LTI)

The LTI offered to directors and executives forms a key party of their remuneration and assists to align their interest with the long-term interest of shareholders. The purpose of the LTI is to link remuneration to an appropriate financial performance indicator, such as share price, over a long measurable period, as determined by the Board. In this regard, options over unissued shares provide a performance linked incentive component in the remuneration package for directors and executives to motivate and reward their performance. The option issue was approved by shareholders at the General Meeting held on 29 June 2020.

The table below shows the gross revenue, losses and earnings per share for the last five years for the listed entity.

	2020	2019	2017	2016	2015
	\$	\$	\$	\$	\$
Revenue	339,812	82,791	21,138	563,827	282,339
Net (loss)/profit	(775,247)	(494,738)	(1,615,493)	8,911	(480,297)
(Loss)/earnings per share (cents)	(0.3)	(0.2)	(0.8)	0.0	(0.4)
Share price at year end (cents)	0.9	0.5	1.6	1.7	1.2
Total KMP compensation	351,697	204,060	219,017	238,570	210,015

No dividends have been paid.

### Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2020.

### Voting and comments made at the Company's 2019 Annual General Meeting

The Company received 99.9% of "yes" votes on its remuneration report for the 2019 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### Service agreements

Each of the Directors has agreed to letters of appointment with standard terms commencing from their appointments until such time as the Director resigns or is not re-appointed by shareholders when required to stand for re-election, together with standard clauses for dismissal in the case of misconduct. There are no provisions for termination payments other than accrued fees.

Effective from 1 January 2019, or date of appointment as applicable, up to 30 June 2020 the remuneration for each of the Directors is as follows:

Director	Annual Salary (\$)	Time Commitment	Fees for Additional Time
Michael Atkins	50,000	~2 days per month	\$1,500 per day in excess of 2 days per month
Stephen Stone	130,000	7 days per month	\$1,500 per day in excess of 7 days per month
James Guy (appointed 28 March 2019)	35,000	~2 days per month	N/A

Effective from 1 July 2020 the remuneration for:

- Stephen Stone as Managing Director was amended to an annual salary of \$252,000 inclusive of statutory superannuation, with a time commitment of at least 90% of his available time during the normal business hours of the Company;
- Michael Atkins as Chairman was amended to an annual salary of \$80,000 inclusive of statutory superannuation; and
- James Guys as non-executive director was amended to an annual salary of \$40,000 inclusive of statutory superannuation

### Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table. The key management personnel of the Group include only the directors as per page 15.

Given the size and nature of operations of the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

## Directors' Report continued

### Key management personnel of the Group

	Short-Term		Post-Employment		Share-Based	Total	Percentage Performance Related
	Salary & Fees <sup>(1)</sup>	Non-Cash benefits <sup>(3)</sup>	Super- annuation	Retirement benefits	Payments Options		
	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>							
Michael Atkins							
2020	<b>45,662</b>	-	<b>4,338</b>	-	<b>13,600</b>	<b>63,600</b>	-
2019	45,659	-	4,338	-	-	49,997	-
Stephen Stone							
2020	<b>156,617</b>	-	<b>14,879</b>	-	<b>54,400</b>	<b>225,896</b>	-
2019	118,693	-	11,276	-	-	129,969	-
James Guy <sup>(2)</sup>							
2020	<b>31,964</b>	-	<b>3,037</b>	-	<b>27,200</b>	<b>62,201</b>	-
2019	8,335	-	759	-	-	9,094	-
Ian Hobson (resigned 28 March 2019)							
2019	13,699	-	1,301	-	-	15,000	-
<b>Total key management personnel compensation</b>							
2020	<b>234,243</b>	-	<b>22,254</b>	-	<b>95,200</b>	<b>351,697</b>	
2019	186,386	-	17,674	-	-	204,060	

(1) As a means of conserving cash, from 1 January 2019 to 30 September 2019 Michael Atkins, Stephen Stone and James Guy each agreed to waive their right to cash remuneration in respect of their net director fees, in substitution for subscribing in advance for ordinary shares in the Company. Resolutions were approved by shareholders at the Annual General Meeting of the Company held on 14 November 2019 to issue shares to Directors in lieu of directors' fees for the period 1 January 2019 to 30 September 2019. The issue price of the shares was calculated by reference to the monthly VWAP for the month that the fees were earned. The directors collectively waived their rights to \$94,256 in net directors' fees to subscribe for 13,435,297 ordinary shares in the Company. The closing price of \$0.009 on the date of the Annual General Meeting was the grant date fair value of the shares issued, for a total fair value of \$120,918. The settlement of this liability by the issue of shares has resulted in a net loss for accounting purposes, resulting from the increase in the value of shares issued in respect to directors' fees from the time that the fees accrued to the grant date fair value at the date of issue. This net loss is recognised in the profit or loss for the year of \$26,662.

(2) In addition to Mr Guy's non-executive director fee a total of \$45,750 (2019: \$14,231 from the date of appointment, being 28 March 2019, as a director) was invoiced by James Guy & Associates Pty Ltd, a business of which Mr Guy is principal. James Guy & Associates Pty Ltd provided geological consulting services to the Group during the year. The amounts paid were at usual commercial rates with fees charged on an hourly basis.

(3) The Company had in place Directors & Officers Liability Insurance during the entire year with the premium being \$13,338 (2019: \$12,737).

### Share-based compensation

#### Options

Options are issued to directors and executives as part of their remuneration from time to time. The options are not issued based on performance criteria but are issued to the majority of directors and executives of Castle Minerals Limited to increase goal congruence between executives, directors and shareholders. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company.



## Directors' Report continued

Terms and conditions of each grant of options affecting remuneration in current/future periods are as follows:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price (cents)	Value per Option at Grant Date (cents) <sup>(1)</sup>	Exercised Number	% of Remuneration
<b>Directors</b>								
Michael Atkins	29/06/2020	2,000,000	29/06/2020	30/06/2023	1.5	0.7	-	21.4
Stephen Stone	29/06/2020	8,000,000	29/06/2020	30/06/2023	1.5	0.7	-	24.1
James Guy	29/06/2020	4,000,000	29/06/2020	30/06/2023	1.5	0.7	-	43.7

(1) The value at grant date in accordance with AASB 2: *Share Based Payments* of options granted during the year as part of remuneration. The Fair values are determined using a Black-Scholes option pricing 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.

There were no ordinary shares issued upon exercise of remuneration options to directors or other key management personnel of Castle Minerals Limited during the year.

### Equity instruments held by key management personnel

#### Share holdings

The numbers of shares in the Company held during the financial year by each director of Castle Minerals Limited and other key management personnel of the Group, including their personally related parties, and any nominally held, are set out below. There were no shares granted during the reporting period as compensation.

2020	Balance at start of the year	Received during the year on the exercise of options	Received during the year in lieu of Director fees	Other changes during the year <sup>(2)</sup>	Balance at end of the year <sup>(1)</sup>
<b>Directors of Castle Minerals Limited</b>					
<b>Ordinary shares</b>					
Michael Atkins	9,434,316	-	3,406,873	5,000,000	17,841,189
Stephen Stone	23,202,193	-	8,259,434	17,500,000	48,961,627
James Guy	300,000	-	1,768,990	1,250,000	3,318,990

(1) At year end there are no nominally held shares.

(2) Other changes represent participation in a placement as approved by shareholders at the general meeting held on 29 June 2020.

#### Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Castle Minerals Limited and other key management personnel of the Company, including their personally related parties, are set out below:

2020	Balance at start of the year	Granted as compensation	Exercised	Expired	Balance at end of the year	Vested and exercisable	Unvested
<b>Directors of Castle Minerals Limited</b>							
Michael Atkins	2,000,000	2,000,000	-	(2,000,000)	2,000,000	2,000,000	-
Stephen Stone	2,000,000	8,000,000	-	(2,000,000)	8,000,000	8,000,000	-
James Guy	-	4,000,000	-	-	4,000,000	4,000,000	-

All vested options are exercisable at the end of the year.

### Loans to key management personnel

There were no loans to key management personnel during the year.

## Directors' Report continued

### Other transactions with key management personnel

#### *KMP other services*

James Guy & Associates Pty Ltd, a business of which Mr Guy is principal, provided geological consulting services to the Castle Minerals Group during the year. The amounts paid were on arms' length commercial terms and are disclosed in the remuneration report in conjunction with Mr Guy's compensation. At 30 June 2020 there was \$16,100 (2019: \$5,775) owing to James Guy & Associates Pty Ltd.

#### *Azumah: expense payments*

During the year Azumah Resources Limited ("Azumah"), who was a related party of the Group until November 2019 as two of Castle's directors, Messrs Atkins and Stone, were also directors of Azumah, on-charged to the Group various administration expenses including office rent and overheads, bookkeeping and office administration staff. The total of expenses on-charged by Azumah during that portion of the year that Azumah was a related party was \$6,194 (2019: \$39,084). The amount owed to Azumah at 30 June 2020 was nil (2019: \$89,857). Transactions are commercial and at arms' length terms.

#### *Azumah: Julie West tenement sale*

On 23 October 2019 the Company announced that it had agreed with Azumah to amend the Julie West Put Option and Sale Agreement ("Option Agreement") whereby the parties to that Option Agreement waived the condition precedent requiring the approval (since received) of the Ghana Minister of Mines and Natural Resources to the transfer to Azumah of the Julie West prospecting licence (refer ASX releases 28 September 2015 and 27 April 2016). Accordingly, Azumah made the final cash payment of \$250,000 to complete the sale of the Julie West prospecting licence. Pursuant to the Option Agreement, the Group will retain a 4% net smelter precious metal royalty over the Julie West prospecting licence.

#### *Canaccord: Lead Manager on Rights Issue (subsequently withdrawn)*

Pursuant to the Mandate to act as Lead Manager to Rights Issue dated on or about 21 February 2020, Canaccord Genuity (Australia) Limited, a company associated with the Chairman, agreed to act as lead manager and bookrunner to the Rights Issue Entitlement Offer made to shareholders on 26 February 2020. The offer was subsequently withdrawn on 23 March 2020. Legal fees of \$3,045 were reimbursed to Canaccord in May 2020, in accordance with the lead manager agreement.

### End of audited Remuneration Report

## Directors' Report continued

### DIRECTORS' MEETINGS

During the year the Company held • meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings	
	A	B
Michael Atkins	4	4
Stephen Stone	4	4
James Guy	4	4

#### Notes

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

### SHARES UNDER OPTION

Unissued ordinary shares of Castle Minerals Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price (cents)	Number of options
29 June 2020	30 June 2023	1.5	15,500,000

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

### INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Castle Minerals Limited paid a premium to insure the directors and secretary of the Company. The total amount of insurance contract premiums paid is confidential under the terms of the insurance policy. The amount has been included in the compensation amounts disclosed for key management personnel elsewhere in this report and in the notes to the financial statements.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

### NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, BDO Audit (WA) Pty Ltd or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

BDO Audit (WA) Pty Ltd or associated entities received or are due to receive the following amounts for the provision of non-audit services:

	2020	2019
	\$	\$
Tax compliance and advisory services	5,150	8,160
<b>Total remuneration for non-audit services</b>	<b>5,150</b>	<b>8,160</b>

## Directors' Report continued

### **PROCEEDINGS ON BEHALF OF THE COMPANY**

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

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

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

Signed in accordance with a resolution of the directors.



Stephen Stone

Managing Director

Perth, 15 September 2020

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF CASTLE MINERALS LIMITED

As lead auditor of Castle Minerals Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Castle Minerals Limited and the entity it controlled during the period.



Ashleigh Woodley  
Director

BDO Audit (WA) Pty Ltd  
Perth, 15 September 2020

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2020	Notes	2020 \$	2019 \$
<b>CONTINUING OPERATIONS</b>			
Revenue	4(a)	184	1,572
Other income	4(b)	339,628	81,219
Depreciation expense		(2,214)	(2,769)
Salaries and employee benefits expense		(186,862)	(204,058)
Tenement acquisition and exploration expenses		(433,505)	(175,058)
Corporate expenses		(74,289)	(38,711)
Administration expenses		(196,127)	(156,933)
Loss on settlement of liability	10(b)(3)	(116,662)	-
Share-based payment expense	20(c)	(105,400)	-
<b>LOSS BEFORE INCOME TAX</b>		<b>(775,247)</b>	<b>(494,738)</b>
<b>INCOME TAX EXPENSE</b>	6	-	-
<b>LOSS AFTER INCOME TAX FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED</b>		<b>(775,247)</b>	<b>(494,738)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(6,885)	416
Other comprehensive income for the year, net of tax		(6,885)	416
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED</b>		<b>(782,132)</b>	<b>(494,322)</b>
Basic and diluted loss per share attributable to the members of Castle Minerals Limited (cents per share)	19	(0.3)	(0.2)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

## Consolidated Statement of Financial Position

AS AT 30 JUNE 2020	Notes	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	434,475	242,288
Trade and other receivables		62,649	-
Financial assets at fair value through profit or loss	8	-	112,804
<b>TOTAL CURRENT ASSETS</b>		<b>497,124</b>	355,092
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		8,846	11,061
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,846</b>	11,061
<b>TOTAL ASSETS</b>		<b>505,970</b>	366,153
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	160,039	244,382
<b>TOTAL CURRENT LIABILITIES</b>		<b>160,039</b>	244,382
<b>TOTAL LIABILITIES</b>		<b>160,039</b>	244,382
<b>NET ASSETS</b>		<b>345,931</b>	121,771
<b>EQUITY</b>			
Contributed equity	10	26,809,646	25,908,754
Reserves	11	1,023,133	924,618
Accumulated losses		(27,486,848)	(26,711,601)
<b>TOTAL EQUITY</b>		<b>345,931</b>	121,771

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

## Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2020

	Notes	Contributed Equity \$	Share-based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>BALANCE AT 1 JULY 2018</b>		25,878,754	674,736	249,466	(26,216,863)	586,093
Loss for the year		-	-	-	(494,738)	(494,738)
<b>OTHER COMPREHENSIVE INCOME</b>						
Exchange differences on translation of foreign operations		-	-	416	-	416
<b>TOTAL COMPREHENSIVE LOSS</b>		-	-	416	(494,738)	(494,322)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the year	10	30,000	-	-	-	30,000
<b>BALANCE AT 30 JUNE 2019</b>		25,908,754	674,736	249,882	(26,711,601)	121,771
Loss for the year		-	-	-	(775,247)	(775,247)
<b>OTHER COMPREHENSIVE INCOME</b>						
Exchange differences on translation of foreign operations		-	-	(6,885)	-	(6,885)
<b>TOTAL COMPREHENSIVE LOSS</b>		-	-	(6,885)	(775,247)	(782,132)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the year	10	<b>908,918</b>	-	-	-	<b>908,918</b>
Share issue transaction costs	10	<b>(8,026)</b>	-	-	-	<b>(8,026)</b>
Options issued during the year	20	-	<b>105,400</b>	-	-	<b>105,400</b>
<b>BALANCE AT 30 JUNE 2020</b>		<b>26,809,646</b>	<b>780,136</b>	<b>242,997</b>	<b>(27,486,848)</b>	<b>345,931</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.



## Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2020	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds on sale of mining interests		<b>272,044</b>	-
Payments to suppliers and employees		<b>(534,596)</b>	(293,731)
Interest received		<b>184</b>	1,572
Expenditure on mining interests		<b>(187,557)</b>	(152,144)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	18	<b>(449,925)</b>	(444,303)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on sale of financial assets		<b>173,846</b>	-
Payment of rental security deposit		<b>(12,000)</b>	-
NET CASH INFLOW FROM INVESTING ACTIVITIES		<b>161,846</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of ordinary shares		<b>488,000</b>	-
Payment of share issue costs		<b>(8,026)</b>	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		<b>479,974</b>	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<b>191,895</b>	(444,303)
Cash and cash equivalents at the beginning of the financial year		<b>242,288</b>	685,260
Effects of exchange rate changes on cash and cash equivalents		<b>292</b>	1,331
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	7	<b>434,475</b>	242,288

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

30 JUNE 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Castle Minerals Limited and its subsidiaries. The financial statements are presented in the Australian currency. Castle Minerals Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 15 September 2020. The directors have the power to amend and reissue the financial statements.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Castle Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

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

#### (ii) New and amended standards adopted by the Group

The Group has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 16 *Leases*; and
- Interpretation 23 *Uncertainty over Income Tax Treatments*.

#### AASB 16 *Leases*

The Group has adopted AASB 16 *Leases* from 1 July 2019 which would result in changes in the classification, measurement and recognition of leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (lease payments) and removes the former distinction between 'operating' and 'finance' leases. The exceptions are short-term leases and leases of low value assets.

In applying AASB 16 for the first time, as permitted by the standard, the Group has elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered before the transition date the Group relied on its assessment made applying AASB 117 *Leases* and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts. At the initial adoption date, the Group was not a party to any lease contracts. During the year the Group entered a lease agreement for the office premises for a fixed period of 12 months commencing 1 January 2020. Under AASB 16 this lease is classified as a short-term lease defined as a lease with a lease term of 12 months or less and the Group has elected to use the exemption provided in the standard. Payments associated with this short-term lease are recognised on a straight-line basis as an expense in profit or loss.

#### (iii) Impact of standards issued but not yet applied by the Group

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

#### (iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities measured at fair value.

#### (v) Going concern

For the year ended 30 June 2020 the entity recorded a loss of \$775,247 (2019: \$494,738) and had net cash outflows from operating activities of \$449,925 (2019: \$444,303) and had working capital of \$337,085 (2019: \$110,710).

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (a) Basis of preparation continued

The Group currently has no cash generating assets in operation and \$434,475 of available funds at 30 June 2020.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raisings and/or sale of interests in projects to continue to fund its operational and marketing activities.

The COVID-19 pandemic, announced by the World Health Organisation on 31 January 2020, is having a negative impact on world stock markets, currencies and general business activity. The Group has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the entity to raise capital in the current prevailing market conditions.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report. Subsequent to year end the entity has received additional funds via further capital raisings as set out in note 17.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- on 14 August 2019 the Group entered into a joint venture arrangement with privately owned Ghana registered company, Iguana Resources Limited, whereby Iguana will sole fund exploration to earn an interest of up to 80% in the Degbiwu and Gbiniyiri prospecting licenses in Ghana ("Licences") spending a total of US\$11.7 million in three stages over five years. This will accelerate exploration on the Licences, while allowing the Group to retain exposure to the Licences. Iguana is obliged to meet all statutory expenditure requirements for the Group;
- on 23 October 2019 the Company amended the Julie West Put Option and Sale Agreement ("Option Agreement") whereby the parties to that Option Agreement waived the condition precedent requiring the approval of the Ghana Minister of Mines and Natural Resources to the transfer to Azumah Resources Limited of the Julie West prospecting licence (refer ASX releases 28 September 2015 and 27 April 2016). Azumah subsequently made the final cash payment of A\$250,000 to complete the sale of the Julie West prospecting licence. Pursuant to the Option Agreement, the Group will retain a 4% net smelter precious metal royalty over the Julie West prospecting licence;
- on 16 July 2020 the Company raised \$973,078 (before costs) from the issue of 97,307,818 fully paid ordinary shares; and
- the Directors are confident that they will be able to raise additional equity as and when required.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

#### (b) Principles of consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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.

##### (ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Castle Minerals Limited.

#### **(b) Principles of consolidation continued**

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

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

#### **(c) 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 full Board of Directors.

#### **(d) Foreign currency translation**

##### *(i) Functional and presentation currency*

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

##### *(ii) 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. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

##### *(iii) Group companies*

The results and financial position of all the Group entities (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 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 are translated at average exchange rates (unless that 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.

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.

#### **(e) Revenue recognition**

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

#### **(f) 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **(f) Income tax continued**

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, the deferred income tax is 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 reporting date 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 controlled entities where the parent entity 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.

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.

#### **(g) Impairment of assets**

Assets 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### **(h) Cash and cash equivalents**

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

#### **(i) Financial assets**

##### *(i) Classification*

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

##### *(ii) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **(i) Financial assets continued**

##### *(iii) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income or expenses. Impairment losses are presented as a separate line item in the statement of profit or loss.

**FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or expenses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income or expenses and impairment losses are presented as a separate line item in the statement of profit or loss.

**FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income or expenses in the period in which it arises.

##### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other income or expenses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### *(iv) Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology depends on whether there has been a significant increase in credit risk.

#### **(j) Exploration and evaluation costs**

Exploration and evaluation costs are expensed (and not capitalised) in the year they are incurred.

#### **(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are paid on normal commercial terms.

#### **(l) 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.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **(m) Earnings per share**

##### *(i) Basic earnings per share*

Basic earnings per share is 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.

##### *(ii) Diluted earnings per share*

Diluted earnings per share adjusts 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### **(n) Goods and Services Tax (GST) and Value Added Tax (VAT)**

Revenues, 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 are 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 with other receivables or payables in the statement of financial position.

The Group's transactions in Ghana are subject to VAT administered by the Value Added Tax Service of the Republic of Ghana. VAT may only be recoverable once the Group's operations are producing revenue in Ghana. Hence, at the Group's current level of activity, being exploration, VAT is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of VAT.

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

#### **(o) Share-based payments**

The Group granted benefits to suppliers, employees and consultants in the form of share-based payment transactions.

The share-based payments are measured at fair value equal to the value of goods and services received. For equity-settled transactions with employees the fair value of the equity instruments is measured at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate option pricing model or quoted active market price, using the assumptions detailed in note 20.

#### **(p) Critical accounting judgements, estimates and assumptions**

The preparation of these 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:

##### *Share based payment transactions*

The Group 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 an internal valuation using an appropriate option pricing model or quoted active market price, using the assumptions detailed in note 20. If any of these assumptions, including the probability of achieving the performance hurdle were to change, there may be an impact on the amounts reported.

#### **q) Acquisition of Assets**

On 29 June 2020 the Company completed the 100% acquisition of the Wanganui and Polelle gold projects located in the prolific Meekatharra gold mining district of Western Australia.

This transaction has been accounted for as an asset acquisition, not a Business combination. In these circumstances, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction, and no goodwill will arise on this transaction.

In determining whether an acquisition is a business combination or an asset acquisition, management apply significant judgement to assess whether the net assets acquired constitute a 'business' in accordance with AASB 3. Under that standard, a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and necessarily consists of inputs, processes, which when applied to those inputs, have the ability to create outputs.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

### 2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The executive chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

#### (a) Market risk

##### *(i) Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

The risk is not material and sensitivity analysis does not result in a material effect on Group results or financial position.

##### *(ii) Price risk*

The Group was exposed to equity securities price risk during the year. This arose from investments held by the Group and classified in the statement of financial position as at fair value through profit or loss. All such investments were disposed of during the year. Given the current level of operations, the Group is not currently exposed to commodity price risk.

To minimise the risk, the Group's investments were of high quality and are publicly traded on the ASX. The investments were managed on a day to day basis so as to pick up any significant adjustments to market prices.

The risk was not material and sensitivity analysis does not result in a material effect on Group results or financial position.

##### *(iii) Interest rate risk*

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

The risk is not material and sensitivity analysis does not result in a material effect on Group results or financial position.

#### (b) Credit risk

The maximum exposure to credit risk at reporting date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentrations of credit risk for the Group are the cash and cash equivalents and security bonds (as part of other receivables) held with financial institutions, and GST recoverable from the Australian Taxation Office. All material deposits are held with the major Australian banks, or the Australian government, for which the Board evaluate credit risk to be minimal.

As the Group does not presently have any trade receivables, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

#### (c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

#### (d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The equity investments held by the Group were classified at fair value through profit or loss. The market value of all equity investments represented the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments were classified as level 1 financial instruments.

The carrying values of all financial assets and liabilities of the Group approximate their fair values due to their short-term nature.



## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

2020

2019

\$

\$

### 3. SEGMENT INFORMATION

For management purposes, the Group has identified two reportable segments being: exploration activities undertaken in Australia; and, exploration activities undertaken in Ghana, West Africa. These segments include activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in the respective geographic location.

Segment performance is evaluated based on the operating profit or loss and cash flows and is measured in accordance with the Group's accounting policies.

#### Exploration segments

Segment revenue and other income – Australia	-	-
Segment revenue and other income – Ghana	<b>278,586</b>	-
Segment revenue and other income – Total	<b>278,586</b>	-
Reconciliation of segment revenue and other income to total revenue and other income before tax:		
Interest revenue	<b>184</b>	1,572
Other revenue and income	<b>61,042</b>	81,219
Total revenue and other income	<b>339,812</b>	82,791
Segment results – Australia	<b>(410,921)</b>	(164,446)
Segment results – Ghana	<b>256,003</b>	(10,612)
Segment results – Total	<b>(154,918)</b>	(175,058)
Reconciliation of segment result to loss before tax:		
Corporate depreciation	<b>(2,214)</b>	(2,769)
Loss on settlement of liability (note 10(b))	<b>(116,662)</b>	-
Share-based payment expense	<b>(105,400)</b>	-
Other corporate and administration	<b>(396,053)</b>	(316,911)
Loss before tax	<b>(775,247)</b>	(494,738)
Segment operating assets - Australia	-	-
Segment operating assets – Ghana	-	-
Segment operating assets – Total	-	-
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	<b>505,970</b>	366,153
Total assets	<b>505,970</b>	366,153
Segment operating liabilities - Australia	<b>41,002</b>	4,308
Segment operating liabilities – Ghana	<b>9,942</b>	10,056
Segment operating liabilities – Total	<b>50,944</b>	14,364
Reconciliation of segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	<b>109,095</b>	230,018
Total liabilities	<b>160,039</b>	244,382

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

2020

2019

\$

\$

#### 4. REVENUE AND OTHER INCOME

##### (a) Revenue from continuing operations

Interest

184

1,572

##### (b) Other income

Fair value gains on financial assets at fair value through profit or loss

61,042

81,219

Sale of tenements (final payment upon completion of Julie West sale)

278,586

-

339,628

-

#### 5. EXPENSES

##### Loss before income tax includes the following specific expenses:

Defined contribution superannuation expense

22,997

17,674

Depreciation

2,214

2,769

Expenses relating to short-term leases

32,267

-

#### 6. INCOME TAX

##### (a) Income tax benefit

Current tax

-

-

Deferred tax

-

-

-

-

##### (b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense

(775,247)

(494,738)

Prima facie tax (benefit)/expense at the Australian tax rate of 30% (2019: 30%)

(232,574)

(148,421)

Tax effect of amounts which are not deductible in calculating taxable income:

Share-based payments

31,620

-

Other

41,822

993

(159,132)

(147,429)

Movements in unrecognised temporary differences

61,629

(5,804)

Tax effect of current year tax losses for which no deferred tax asset has been recognised

174,304

153,763

Tax effect of previously unrecognised foreign losses utilised

(89,601)

-

Foreign tax rate differential

12,800

(530)

Income tax expense

-

-

##### (c) Unrecognised temporary differences

###### Deferred Tax Assets (at 30%)

*On Income Tax Account*

Capital raising costs

11,062

10,868

Foreign exploration tax losses

4,824,363

4,913,964

Accruals and other provisions

10,917

6,450

Financial assets at fair value

-

3,469

Tenement acquisition costs

152,996

87,060

Australian carry forward capital losses

1,360,322

1,360,322

Australian carry forward tax losses

1,245,227

1,129,678

###### Deferred Tax Liabilities (at 30%)

-

-

###### Net deferred tax assets

7,604,887

7,511,811

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

2020

2019

\$

\$

### 6. INCOME TAX (cont'd)

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group's ability to use losses in the future is subject to the companies in the Group satisfying the relevant tax authority's criteria for using these losses.

Foreign exploration tax losses are incurred in Ghana and are arrived at after adjusting losses reported in financial statements in line with tax principles. Mining concerns are allowed to deduct the losses over a five-year period subsequent to the year in which the loss was incurred.

### 7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank and in hand	<b>434,475</b>	242,288
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	<b>434,475</b>	242,288

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

### 8. CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Australian listed equity securities	-	112,804
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Changes in fair values of financial assets at fair value through profit or loss are recorded in other income for gains (note 4(b)) or directly on the face of the statement of comprehensive income for losses.

### 9. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	<b>35,504</b>	123,535
Director's fees accruals	<b>8,003</b>	61,003
Other payables and accruals	<b>116,532</b>	59,844
	<b>160,039</b>	244,382

Information about the Group's exposure to foreign exchange and liquidity risk is provided in note 2.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

### 10. CONTRIBUTED EQUITY

	Notes	2020		2019	
		Number of shares	\$	Number of shares	\$
<b>(a) Share capital</b>					
Ordinary shares fully paid	10	<b>389,231,273</b>	<b>26,809,646</b>	223,795,976	25,908,754
Total contributed equity		<b>389,231,273</b>	<b>26,809,646</b>	223,795,976	25,908,754
<b>(b) Movements in ordinary share capital</b>					
Beginning of the financial year		<b>223,795,976</b>	<b>25,908,754</b>	221,795,976	25,878,754
Issued during the year:					
– Issued for cash at 0.4 cents per share		<b>122,000,000</b>	<b>488,000</b>	-	-
– Issued as part consideration for tenement acquisition <sup>(1), (3)</sup>		<b>30,000,000</b>	<b>300,000</b>	2,000,000	30,000
– Issued in lieu of director fees at 0.9 cents per share <sup>(2), (3)</sup>		<b>13,435,297</b>	<b>120,918</b>	-	-
Transaction costs		-	<b>(8,026)</b>	-	-
End of the financial year		<b>389,231,273</b>	<b>26,809,646</b>	223,795,976	25,908,754

- (1) Due to the nature of the assets acquired, the fair value of the transactions has been determined by reference to the fair value of the equity instruments issued. The fair value of the shares issued was determined by reference to the closing price of \$0.01 (2019: \$0.015) on the grant date (settlement date of the acquisitions) of 29 June 2020 (2019: 13 July 2018). The settlement of these liabilities by the issue of shares has resulted in a net loss for accounting purposes, resulting from the increase in the value of shares issued in respect to tenement acquisitions from the time that the price was set in the Sale Agreement to the grant date fair value at the date of issue. This net loss is recognised in the profit or loss for the year of \$90,000.
- (2) Resolutions were approved by shareholders at the Annual General Meeting of the Company held on 14 November 2019 to issue shares to Directors in lieu of directors' fees for the period 1 January 2019 to 30 September 2019. Each Director had agreed to waive their right to cash remuneration in respect of their net director fees for this period, in substitution for subscribing in advance for ordinary shares in the Company. The issue price of the shares was calculated by reference to the monthly VWAP for the month that the fees were earned. The directors collectively waived their rights to \$94,256 in net directors' fees to subscribe for 13,435,297 ordinary shares in the Company. The closing price of \$0.009 on the date of the Annual General Meeting was the grant date fair value of the shares issued, for a total fair value of \$120,918. The settlement of this liability by the issue of shares has resulted in a net loss for accounting purposes, resulting from the increase in the value of shares issued in respect to directors' fees from the time that the fees accrued to the grant date fair value at the date of issue. This net loss is recognised in the profit or loss for the year of \$26,662.
- (3) The settlement of the above liabilities by the issue of shares has resulted in a net loss for accounting purposes, resulting from the increase in the value of shares issued in respect to directors' fees and tenement acquisitions from the time that the fees accrued or the sale price was set to the grant date fair value at the date of issue. This net loss is recognised in the profit or loss for the year of \$116,662 (2019: nil), as shown in the table below.

	2020	2019
	\$	\$
Issue of 13,435,297 shares at \$0.009 per share (fair value)	<b>120,918</b>	-
Directors' fees settled	<b>(94,256)</b>	-
Issue of 30,000,000 shares at \$0.01 per share (fair value)	<b>300,000</b>	-
Tenement acquisition costs settled	<b>(210,000)</b>	-
Loss on settlement of liability	<b>116,662</b>	-

## Notes to the Consolidated Financial Statements continued

### 30 JUNE 2020

#### 10. CONTRIBUTED EQUITY (cont'd)

##### (c) Movements in options on issue

	Number of options	
	2020	2019
Beginning of the financial year	6,000,000	6,000,000
Issued, exercisable at \$0.015 on or before 30 June 2023	15,500,000	-
Expired on 30 November 2019, exercisable at \$0.03	(6,000,000)	-
End of the financial year	15,500,000	6,000,000

##### (d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

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

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

##### (e) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2020 and 30 June 2019 are as follows:

	2020	2019
	\$	\$
Cash and cash equivalents	434,475	242,288
Trade and other receivables	62,649	-
Financial assets at fair value through profit or loss	-	112,804
Trade and other payables	(160,039)	(244,382)
Working capital position	337,085	110,710

#### 11. RESERVES

##### (a) Reserves

Foreign currency translation reserve	242,997	249,882
Share-based payments reserve	780,136	674,736
	1,023,133	924,618

##### (b) Nature and purpose of reserves

###### (i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(d) and accumulated within a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

###### (ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and performance rights granted.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

2020

2019

\$

\$

### 12. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

### 13. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

#### (a) Audit services

BDO Audit (WA) Pty Ltd - audit and review of financial reports	32,355	28,214
Non-related audit firm for the audit or review of financial reports of Group subsidiary entity	9,481	4,890
Total remuneration for audit services	41,836	33,104

#### (b) Non-audit services

BDO (WA) Pty Ltd - tax compliance services	5,150	8,160
Total remuneration for other services	5,150	8,160

### 14. CONTINGENCIES

#### Contingent liabilities

##### *Wanganui and Polelle tenement acquisitions*

In accordance with tenement acquisition agreements entered during the 2020 financial year for the Wanganui and Polelle projects, the following deferred consideration may become payable in future periods:

- A 1% gross royalty is payable on any gold produced from both projects; and
- A once only milestone payment of \$50,000 is payable when either a decision is made to mine ore or an ore reserve of at least 30,000oz gold has been declared on one of the projects.

##### *Beasley Creek tenement acquisition*

In accordance with a tenement acquisition agreement entered during the 2018 financial year, the following deferred consideration may become payable in future periods:

- 2,000,000 performance rights to vest into fully paid ordinary shares of Castle on the date that Castle submits a Form 5 (in the form specified in the Mining Act) stating that Castle has expended \$500,000 on the tenement.

##### *Ghana*

The mineral licences held in Ghana by the Company through its wholly owned Ghanaian subsidiary, Carlie Mining Limited, are subject to compliance with the Minerals and Mining Act 2006 (Act 703) and various other laws and regulations governing their application, granting, extension, renewal and general operation. Failure to comply with these conditions may render the licences liable for forfeiture. The Company has applied for extensions of term or renewal and/or a reduction in licence area for a majority of its licences and is awaiting approval from the Ghana MINCOM and the Ghana Minister of Lands and Natural Resources for these. Such approvals will be subject to the payment of various fees which the Company will consider and pay on an individual licence basis as-and-when such fees have been determined and presented. There is no guarantee that the obligations and terms pertaining to individual or all of the Company's licences can or will be economically complied with.

#### Contingent asset

##### *Topago sale*

Under the terms of the sale agreement for the disposal of the Group's former subsidiary Topago Mining Ltd ("Topago") the sale consideration includes a cash payment of US\$100,000 upon commencement of mining at the Akoko Gold Project, a gross royalty of US\$25 per ounce on the first 50,000 ounces of gold produced, and a 1% gross royalty on any additional production over 50,000 ounces of gold. The amounts (in AUD) and the timing of receipt are not able to be determined at the period end and accordingly, no asset has been recognised for the contingent asset.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020 2020 2019  
\$ \$

### 15. RELATED PARTY TRANSACTIONS

#### (a) Parent entity

The ultimate parent entity within the Group is Castle Minerals Limited.

#### (b) Subsidiaries

Interests in subsidiaries are set out in note 16.

### 15. RELATED PARTY TRANSACTIONS (cont'd)

#### (c) Key management personnel compensation

Short-term benefits	234,243	186,386
Post-employment benefits	22,254	17,674
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	95,200	-
	351,697	204,060

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 17.

#### (d) Transactions and balances with other related parties

##### *Other services*

James Guy & Associates Pty Ltd, a business of which Mr Guy is principal, provided geological consulting services to the Castle Minerals Group during the year. The amounts paid were on arms' length commercial terms and are disclosed in the remuneration report in conjunction with Mr Guy's compensation. At 30 June 2020 there was \$16,100 (2019: \$5,775) owing to James Guy & Associates Pty Ltd.

##### *Azumah: expense payments*

During the year Azumah, who was a related party of the Group until November 2019 as two of Castle's directors, Messrs Atkins and Stone, were also directors of Azumah, on-charged to the Group various administration expenses including office rent and overheads, bookkeeping and office administration staff. The total of expenses on-charged by Azumah during that portion of the year that Azumah was a related party was \$6,194 (2019: \$39,084). The amount owed to Azumah at 30 June 2020 was nil (2019: \$89,857). Transactions are commercial and at arms' length terms.

##### *Azumah: Julie West tenement sale*

On 23 October 2019 the Company announced that it had agreed with Azumah to amend the Julie West Put Option and Sale Agreement ("Option Agreement") whereby the parties to that Option Agreement waived the condition precedent requiring the approval (since received) of the Ghana Minister of Mines and Natural Resources to the transfer to Azumah of the Julie West prospecting licence (refer ASX releases 28 September 2015 and 27 April 2016). Accordingly, Azumah made the final cash payment of \$250,000 to complete the sale of the Julie West prospecting licence. Pursuant to the Option Agreement, the Group will retain a 4% net smelter precious metal royalty over the Julie West prospecting licence.

### 16. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of incorporation	Class of shares	Equity Holding*	
			2020	2019
			%	%
Carlie Mining Ltd	Ghana	Ordinary	100	100

\*The proportion of ownership interest is equal to the proportion of voting power held.

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

2020

2019

\$

\$

### 17. EVENTS OCCURRING AFTER THE REPORTING DATE

During July 2020 the Company raised \$973,078 (before costs) from the issue of 97,307,818 fully paid ordinary shares.

The COVID-19 pandemic, announced by the World Health Organisation on 31 January 2020, is having a negative impact on world stock markets, currencies and general business activity. The Group has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the entity to raise capital in the current prevailing market conditions.

No other matter or circumstance has arisen since 30 June 2020, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

### 18. CASH FLOW INFORMATION

#### Reconciliation of net profit or loss after income tax to net cash outflow from operating activities

Net loss for the year	(775,247)	(494,738)
<b>Non-Cash Items</b>		
Depreciation of non-current assets	2,214	2,769
Fair value gains on financial assets	(61,042)	(81,219)
Loss on settlement of liabilities	116,662	-
Expenses settled by the issue of shares – Directors' fees	94,256	-
Expenses settled by the issue of shares – tenement acquisition	210,000	30,000
Share-based payments expense	105,400	-
Net exchange differences	(6,985)	(415)
<b>Change in operating assets and liabilities, net of effects from sale of subsidiary</b>		
(Increase) in trade and other receivables	(50,649)	-
(Decrease)/increase in trade and other payables	(84,534)	99,300
Net cash outflow from operating activities	<u>(449,925)</u>	<u>(444,303)</u>

### 19. LOSS PER SHARE

#### (a) Reconciliation of earnings used in calculating loss per share

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share:

<u>(775,247)</u>	<u>(494,738)</u>
------------------	------------------

**Number of shares    Number of shares**

#### (b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share

<u>238,451,070</u>	<u>223,724,743</u>
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#### (c) Information on the classification of options

As the Group made a loss for the year ended 30 June 2020, the options on issue were considered anti-dilutive and were not included in the calculation of diluted earnings per share. The options currently on issue could potentially dilute basic earnings per share in the future.



## Notes to the Consolidated Financial Statements continued

30 JUNE 2020

### 20. SHARE-BASED PAYMENTS

#### (a) Employees and contractors' options

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby employees or consultants render services in exchange for options to acquire ordinary shares. The exercise price of the options granted and on issue at 30 June 2020 is 1.5 cents per option, with an expiry date of 30 June 2023. All options granted vested immediately upon issue.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in the capital of the Company with full dividend and voting rights.

#### *Fair value of options granted*

The weighted average fair value of the options granted during the year was 0.7 cents (2019: N/A). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2020	2019
Weighted average exercise price (cents)	1.5	-
Weighted average life of the option (years)	3.0	-
Weighted average underlying share price (cents)	1.0	-
Expected share price volatility	128.5%	-
Risk free interest rate	0.3%	-

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

Set out below is a summary of the share-based payment options granted:

	2020		2019	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	6,000,000	3.0	6,000,000	3.0
Granted	15,500,000	1.5	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(6,000,000)	3.0	-	-
Outstanding at year-end	15,500,000	1.5	6,000,000	3.0
Exercisable at year-end	15,500,000	1.5	6,000,000	3.0

The weighted average remaining contractual life of share options outstanding at the end of the year was 3.0 years (2019: 0.42 years), and the exercise price is 1.5 cents. The option expiry date is 30 June 2023.

#### (b) Shares issued to suppliers

During the year, 30,000,000 (2019: 2,000,000) ordinary shares were issued at a deemed cost of \$300,000 (2019: \$30,000) as part consideration for tenement acquisitions. This amount is included in 'tenement acquisition and exploration expenses' on the statement of profit or loss and other comprehensive income of the Group.

During the year a total of 13,435,297 ordinary shares were issued in satisfaction of directors' fees totalling \$94,256. These amounts are included in 'salaries and employee benefits expense' and 'administration expenses' on the statement of profit or loss and other comprehensive income of the Group. The value of the shares issued was \$120,918, refer to note 10(b).

## Notes to the Consolidated Financial Statements continued

30 JUNE 2020	Notes	2020 \$	2019 \$
<b>20. SHARE-BASED PAYMENTS (cont'd)</b>			
<b>(c) Expenses arising from share-based payment transactions</b>			
Total expenses arising from share-based payment transactions recognised during the period were as follows:			
Shares issued to suppliers ('tenement acquisition and exploration expenses')	10	<b>300,000</b>	30,000
Options issued to employees and contractors ('share-based payment expense')		<b>105,400</b>	-
Shares issued to directors ('salaries and employee benefits expense' and 'administration expenses')	10	<b>120,918</b>	-
		<b>526,318</b>	30,000

### 21. COMMITMENTS

#### Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year	<b>102,000</b>	54,225
later than one year but not later than five years	<b>221,000</b>	162,675
	<b>323,000</b>	216,900

### 22. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Castle Minerals Limited, at 30 June 2020. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

Current assets	<b>461,860</b>	339,932
Non-current assets	<b>8,846</b>	11,061
<b>Total assets</b>	<b>470,706</b>	350,993
Current liabilities	<b>150,096</b>	234,327
<b>Total liabilities</b>	<b>150,096</b>	234,327
Contributed equity	<b>26,809,646</b>	25,908,754
Share-based payments reserve	<b>780,136</b>	674,736
Accumulated losses	<b>(27,269,172)</b>	(26,466,824)
<b>Total equity</b>	<b>320,610</b>	116,666
Loss for the year	<b>(802,348)</b>	(484,127)
<b>Total comprehensive loss for the year</b>	<b>(802,348)</b>	(484,127)

As detailed in note 14, there are contingent liabilities in respect to tenement acquisition agreements that the parent entity has entered or co-signed with a subsidiary entity, and contingent assets of the parent entity resulting from sale of a subsidiary.

## Directors' Declaration

In the directors' opinion:

- (a) the financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes set out on pages 21 to 41 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with 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 2020 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;
- (c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2020, comply with Section 300A of the *Corporations Act 2001*; and
- (d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Stephen Stone

Managing Director

Perth, 15 September 2020

## INDEPENDENT AUDITOR'S REPORT

To the members of Castle Minerals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Castle Minerals Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

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

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

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

#### Material uncertainty related to going concern

We draw attention to Note 1(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

## 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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Accounting for Share Based Payments

Key audit matter	How the matter was addressed in our audit
<p>During the year ended 30 June 2020, the Group issued shares to directors in lieu of fees, supplier shares as consideration for tenement acquisition, and Director and Company Secretary Options which have been accounted for as share-based payments.</p> <p>Refer to Note 20, Note 1(o) and Note 1(p) of the financial report for a description of the accounting policy and significant estimates and judgements applied to these transactions.</p> <p>Due to the complex and judgemental estimates used in determining the valuation of the share based payments, we consider the accounting for the share based payment expense to be a key audit matter.</p>	<p>Our audit procedures in respect of this area included</p> <p>but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;</li> <li>• Holding discussions with management to understand the share-based payment transactions in place;</li> <li>• Reviewing management’s determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs;</li> <li>• Involving our valuation specialists, to assess the reasonableness of management’s valuation inputs in respect of volatility;</li> <li>• Assessing the reasonableness of the share-based payment expense; and</li> <li>• Assessing the adequacy of the related disclosures in Note 1(o), Note 1(p) and Note 20 of the Financial Report.</li> </ul>



## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

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

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

## Responsibilities of the directors for the Financial Report

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

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

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

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

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

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 on pages 12 to 16 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Castle Minerals Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.



## Responsibilities

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The signature starts with the letters 'BDO' in a stylized, blocky font. Below this, there is a cursive signature that appears to read 'Ashleigh Woodley'. A long, sweeping horizontal stroke extends from the end of the signature across the page.

Ashleigh Woodley

Director

Perth, 15 September 2020

## ASX ADDITIONAL INFORMATION

### For the year ended 30 June 2020

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is shown below. All information is current as at 14 September 2020.

#### Distribution of equity securities – ordinary shares

Spread of holdings	Number of holders	Ordinary shares held	% of issued ordinary shares
1 – 1,000	51	6,252	0.00%
1,001 – 5,000	67	194,713	0.04%
5,001 – 10,000	92	773,583	0.16%
10,001 – 100,000	475	24,436,068	5.02%
Over 100,000	494	461,128,475	94.78%
<b>Total holdings on Register</b>	<b>1,179</b>	<b>486,539,091</b>	<b>100.00%</b>

There were 390 holders of less than a marketable parcel or ordinary shares (calculated at \$0.013 cents per share).

#### Substantial Shareholders

These substantial shareholders have notified the Company in accordance with section 671B of the Corporations Act 2001:

Rank	Holder name	Ordinary shares held	% of issued capital
1	Stepstone Pty Ltd	48,961,627	10.06%
2	Corporate & Resources Consultants Pty Ltd	30,000,000	6.17%

#### Twenty largest shareholders

The names of the twenty largest shareholders of quoted ordinary shares are:

Holder name	Ordinary shares held	% of issued capital
MR ARDAVAN GHORBANI	24,250,000	4.98%
STEPSTONE PTY LTD	23,202,193	4.77%
CORPORATE & RESOURCE CONSULTANTS PTY LTD	20,000,000	4.11%
GLADSTONE SUPER PTY LTD <GLADSTONE SUPER FUND A/C>	17,500,000	3.60%
MR WILLIAM HENRY HERNSTADT	14,000,000	2.88%
CITICORP NOMINEES PTY LIMITED	13,946,125	2.87%
MR MICHAEL WILLIAM ATKINS	12,107,107	2.49%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	10,593,663	2.18%
MR GEORGE ALEXANDER BONNEY	10,000,000	2.06%
BAR NONE EXPLORATION PTY LTD	10,000,000	2.06%
CHESAPEAKE CAPITAL LTD	10,000,000	2.06%
MR STEPHEN STONE <THE PEARLSTONE A/C>	8,259,434	1.70%
WINDAMURAH PTY LTD <ATKINS SUPER FUND A/C>	5,734,082	1.18%
REMLAD PTY LIMITED <MCSTAY SUPERFUND A/C>	5,500,000	1.13%
BEDEL & SOWA CORP PTY LTD	5,000,000	1.03%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,991,337	1.03%
REDSTAR RESOURCES LIMITED	4,690,756	0.96%
MR LIAM THOMAS PARSONS	4,550,000	0.94%
MINING VALUE FUND PTY LTD	4,500,000	0.92%
MR BIDHAN ADHIKARI	4,399,212	0.90%
<b>Total</b>	<b>213,223,909</b>	<b>43.85%</b>



## **ASX ADDITIONAL INFORMATION CONTINUED**

### **For the year ended 30 June 2020**

#### **Voting rights**

All ordinary shares are fully paid and carry one vote per share without restriction.

#### **Unlisted Options**

15,500,000 unlisted options exercisable at 1.5 cents, expiring 30 June 2023. The unlisted options carry no dividend or voting rights.

Number of holders - 4