Annual Financial Report

For the year ended 30 June 2019

Manuka Resources Ltd

ABN 80 611 963 225

Contents

Directors' Report

The Directors of Manuka Resources Ltd ('Manuka Resources') present their report together with the financial statements of the Entity or the Group, being Manuka Resources ('the Company') and its subsidiary Mt Boppy Resources Pty Ltd ('Mt Boppy') for the year ended 30 June 2019. Mt Boppy Resources Pty Ltd was acquired on the 20th June 2019 and has been consolidated at that date.

Manuka Resources Limited is a company limited by shares and incorporated in Australia on the 20th April 2016.

Director details

The following persons were Directors of Manuka Resources during or since the end of the financial period and up to the date of this report:

- Mr Dennis Karp
- Mr Anthony McPaul
- Mr Justin Boylson (appointed 31 January 2019)
- Mr Nicholas Lindsay (appointed 20 June 2019)
- Mr Brett Fletcher (resigned 1 October 2018)

Mr Dennis Karp
Non-Executive Director
Director since 20th April 2016

Dennis was Head of Trading at HSBC Australia where he carried responsibility for the bank's interest rate, foreign exchange and proprietary risk management. He left in 1996 to join Tennant Limited, becoming a shareholder and director soon after. In 2000 he oversaw the purchase of Tennant Metals and proceeded to grow it into one of the larger physical commodity trading houses in Australia, with operations and associations in Asia, USA and Europe.

Dennis was a principal shareholder of Tennant Metals until 2011, at which time he conducted its sale to an industrial corporation based in Europe. He remained as Managing Director until 2014. His guidance drove Tennant's excellent reputation for hedging expertise across the base metals complex and later the iron ore markets. Over the past 10 years Dennis has been involved in various resource investments opportunities in base metals and bulk commodities, which had attached marketing rights.

In early 2015, Dennis Karp initiated the start-up of ResCap Investments Pty Ltd as a vehicle through which to capture resource investment opportunities. Dennis is a founding shareholder and Managing Director of ResCap Investments Pty Ltd.

Mr Brett Fletcher
Non-executive Director
Director since 25th November 2016, resigned 1 October 2018.

Mr Anthony McPaul
Non-executive Director
Director since 25th November 2016

Mr Anthony McPaul is a senior mining executive with over 35 years' experience in mining operations and mineral processing. Mr McPaul has worked in and led both open cut and underground operations and was most recently the general manager for Newcrest's Cadia Valley Operations, in Orange NSW.

Mr McPaul commenced his career as a mechanical engineer and progressed to maintenance and then onto operations management at various companies, including CRA, Denehurst, MIM and more recently Newcrest. He has successfully managed a wide range of operating projects from base through to precious metals in both surface and underground mines and has been directly responsible for all aspects of production and scheduling.

Mr McPaul formally retired from Newcrest in July 2016 and has since devoted his time to non-executive roles. Mr McPaul has represented Newcrest and the resources industry on many boards, such as NSW Minerals Council, NSW Minerals Council Executive Committee, and was the NSW Minerals Council representative on the Mine Safety Advisory Council. Mr McPaul has chaired many of these committees.

Mr McPaul has formal qualifications in mechanical engineering from Goulburn TAFE.

Mr Justin Boylson
Non-executive Director
Director since 31st January 2019

Justin commenced his career in the international trade and commodity markets in 1996 after time in the Australian Army. He worked for Brickworks Limited (and its subsidiaries) where in various senior managerial positions for over 7 years, including as regional export manager, project manager Western Australia and regional director Middle East. Justin joined Sinosteel Australia in 2006 where he was responsible for the day to day running of the trade desk until 2008 when he joined Tennant Metals as its Western Australia and Bulk Commodity General Manager where he was responsible for some high profile off-take transactions for Tennant Metals. Justin joined ResCap Investments as a Director in 2014 and is also a Director of Mt Boppy Resources Pty Ltd.

Mr Nicholas Lindsay
Non-executive Director
Director since 20th June 2019

Mr Nick Lindsay is a very experienced mining executive who brings an attractive mix of commercial, technical and academic qualifications, all of which are very relevant to the Company. He has worked directly for a range of companies including Anglo American Corporation and its subsidiaries, CBH Resources and Kumba Australia, and provided consulting services to Rio Tinto, Codelco, Antofagasta Holdings amongst others. He successfully led Laguna Resources NL (ASX:LRC, now owned by Kingsgate Consolidated) to acquire and commence development of a major silver-gold project in Chile, and has been directly managing the project which is known as the Nueva Esperanza silver project since.

Mr Lindsay is a geologist by profession, specializing in process mineralogy, and has postgraduate degrees from the University of Otago (NZ), University of Melbourne and the University of the Witwatersrand (South Africa). He is a member of the AusIMM and Australian Institute of Geosciences.

Principal activities

During the period, the principal activities undertaken by the Group were:

- Commenced discussions with a Hong Kong based fund for the purpose of funding the recommencement of mining and production operations at Manuka and Mt Boppy. The facility was established in July 2019.
- Put in place a senior funding solution sufficient to facilitate the refurbishment of the Manuka production facility and prepare the Mt Boppy gold project for mining.
- Arranged for the full repayment of the interim funding package provided by Metamor Capital effective 5 July 2019.
- Completed the 100% purchase of Mt Boppy Resources P/L
- Continued the active Care and Maintenance program at Manuka to ensure a prompt and efficient restart as maintained over the past 3 years.
- Concluded a shortlist of contractors to assist with the following:
  1) Plant refurbishment
  2) Mining contractors
  3) Tailings wall lift and other earthworks
  4) Gold refinery contract

Review of operations and financial results

The Company was established in April 2016 to purchase the assets of the Wonawinta Silver Project, a silver mine and processing plant located in the Cobar Basin. Since that time, Manuka Resources has progressed to the point that all it required to commence operations was finance, (which was secured during the 2018-19 year, and the first draw down occurred on 5 July 2019). Over the past 12 months the Company has enjoyed the notional benefit of a 19% increase in the price of gold in AUD (from A$1695/oz to A$2010/oz) and a 5% increase in the price of silver in AUD. Furthermore, over the past 3 years, the following have been completed:

- worked with the EPA to ensure the environmental suspension at Wonawinta was lifted
- established a detailed technical resource review
- undertaken an item by item audit on the state of repair of each piece of equipment comprising the production plant
- continued the care and maintenance status of the project
- commenced work on the Mt Boppy pit and mine plan
- maintained the operational condition of the airstrip
- ensured the mine camps at both the Wonawinta and Mt Boppy sites were maintained in good order

Significant changes in state of affairs

During the year there have been no significant changes in the state of affairs of the Group other than:

- Environmental Suspension lifted

  The legacy environmental suspension (a carry-over from previous management of the project) was lifted in October 2018, following implementation of a comprehensive investigative plan implemented under the guidance of the EPA, which failed to identify any dumping in any of the locations previously alleged. The company has agreed to an ongoing monitoring plan.

- Acquisition of Mt Boppy Resources Pty Ltd

  On 20 June 2019, the Company acquired Mt Boppy Resources Pty Ltd from its shareholders (i.e. Gleneagle Security Nominees Pty Ltd and Rescap Investments Pty Ltd) for a consideration paid by the Company by issuance of its equity instruments.

- TPC Facility – Secured Loan

  The Company entered into a term sheet with a TPC in January 2019, and a signed debt facility agreement (TPC Facility) followed with its first drawdown occurring in July 2019. The TPC Facility entitles the Company to USD 13 Million (approximately. A$ 18.5 million) in debt - to be received in tranches from July to December.

  At time of writing the Company has received five tranches totalling USD 13 Million, which has been utilised for full repayment of MCP Manager Pty Ltd's loan, and the refurbishment of the plant as well as the multitude of pre-mining factors needing attention. All existing borrowings (refer to note 13.2 of the financial report) apart from MCP Manager Pty Ltd have been subordinated to the TPC Facility.

- IPO Mandate signed

  Manuka management attended an introductory meeting with the ASX on 8 January 2020. The purpose was to discuss the Company's aim of completing an IPO in Q1 2020 and determine whether the ASX foresaw any barriers to this pursuit. The Company aims to be the next gold producer in Australia and is funded to production.

  Feedback was encouraging, to the point we have appointed Bell Potter as our lead broker, and are targeting early March for the lodgement of all documents and prospectus, and to be listed by late March early April.

Dividends

No dividends were paid or declared during the period and no recommendation is made as to dividends.

Events arising since the end of the reporting period

- Repayment of MCP Manager Pty Ltd Secured Facility

  The MCP Manager Pty Ltd Secured Facility was repayable upon the earlier of Manuka Resources entering into an appropriate debt funding arrangement and was expected to be repaid before 31 August 2019 following receipt of tranche - 1 payment from the debt facility from TransAsia Private Capital Limited (TPC). This facility was repaid in full on 5th July 2019.

- TransAsia Private Capital Limited Secured Facility

  The Company signed a debt facility agreement (TPC Facility) in July 2019. The TPC Facility entitles the Company to USD 13 million (approximately A$ 19 million) in debt - to be received in three tranches.

  The Company received the first tranche payment (USD 4.5 million) on 5th July 2019 which has been utilised for full repayment of MCP Manager Pty Ltd's loan and partial repayment of existing trade creditors.

  Tranche 2 (USD 3.5 million) was received on 16th August 2019 and was utilised by the Company to refurbish the plant enabling processing of the mineral ores (both on stock-pile and to be mined) and the generation of mining revenues. All existing borrowings (refer to note 13.2 of the financial report) apart from MCP Manager Pty Ltd have been subordinated to the TPC Facility.

  Tranche 3 was received in 3 sub tranches on the following:
  (a) USD 2.50 million received 4 November 2019
  (b) USD 1.0 million received 4 December 2019
  (c) USD 1.50 million received 28 December 2019

  The proceeds from Tranche 3 were to be spent on working capital requirements of the Company, as well as capital items, and crushing and haulage related to the relocation of Mt Boppy gold ores from Mt Boppy to the Wonawinta Plant (at Manuka).

  The repayment of Tranche 1 which was due in January 2020 has been extended to April 2020.

- Office Lease, Level 4 Grafton Bond Building, 201 Kent Street

  The Company entered into an operating lease for office premises at suite 405, Grafton Bond Building, 201 Kent Street, Sydney. The lease commenced on 1 January 2020 and has a non-cancellable term of 2 years.

Apart from the matters noted above, there are no other matters or circumstances that have arisen since the end of the period that has significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Likely developments

Following receipt of funds under the TPC Facility, the Company has been able to fully focus on the commencement of mining at Mt Boppy (gold) and the processing of these gold ores at its Wonawinta processing plant. This has included the completion of a full plant refurbishment at Wonawinta, as well as the preparation for mining at Mt Boppy. At time of writing, all is on track for a Q1 2020 commencement of production. The Company has embraced a 3 stage production strategy, which will see the following occur:

Stage 1 – process the Mt Boppy stockpile, followed by mining and processing the Mt Boppy existing resource at Wonawinta over a 12 month period commencing March 2020.

Stage 2 – commence processing the existing 500,000mt silver stockpile on site at Wonawinta. This will take around 7 – 8 months and produce in the vicinity of 1.0m oz Ag

Stage 3 – commence mining and processing part of the existing mineral resource on the Manuka tenements. This to continue for around 4 years and will produce around 10.0m oz Ag over this period.

Simultaneous to the above 3 stages, the Company will embark upon an extensive exploration program on its existing tenements. This is reasonably expected to yield positive outcomes, based on the fact the existing 52m oz Ag resource all ends in sulphide mineralisation.

Directors' meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the period and the number of meetings attended by each Director is as follows:

	Board Meetings	
Board Member	**A**	**B**
Dennis Karp	4	4
Brett Fletcher	2	1
Anthony McPaul	4	4
Justin Boylson	2	2
Nicholas Lindsay	1	1

Where:
column A: is the number of meetings the Director was entitled to attend
column B: is the number of meetings the Director attended

Unissued shares under option

Unissued ordinary shares of Manuka Resources under option at the date of this report are:

Date Options Granted	Expiry Date	Exercise Price of Shares $	Number under option
4th Jan 2017	4th Jan 2020	$0.35	1,000,000
4th Jan 2017	4th Jan 2022	$0.35	2,000,000
11th Aug 2017	11th Aug 2020	$0.065	8,000,000
28th Mar 2018	11th Aug 2020	$0.065	12,500,000

No shares were issued during or since the end of the year as a result of exercise of the options.

Environmental legislation

The operations of Manuka Resources Limited are subject to a number of particular and significant environmental regulations under a law of the Commonwealth or of a State or Territory in Australia.

The Group, during the financial period successfully transferred the previously suspended Environmental Protection Licence 20020. All conditions governing the administration of various environmental and tenement licences have been complied with. So far as the Directors are aware there has been no known breach of the Group's licence conditions and all activities comply with relevant environmental regulations. The Directors are not aware of any environmental regulation which is not being complied with.

Indemnities given to, and insurance premiums paid for, auditors and officers

During the period, Manuka Resources has paid a premium to insure officers of the Company. The officers of the Company that are covered by the insurance policy includes all directors.

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, other than where such liabilities arise out of 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 to cause detriment to the Company.

The Company has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred as such by an officer.

The Company has agreed to indemnify its auditors, Grant Thornton, to the extent permitted by law, against any claim by a third party arising from the Company's breach of its agreement. The

Proceedings of behalf of the Company

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.307C of the *Corporations Act 2001* is included on the following page of this financial report and forms part of this Director's Report.

Signed in accordance with a resolution of the Directors

Dennis Karp

Director

Dated the 13th day of February 2020

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Auditor's Independence Declaration

To the Directors of Manuka Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Manuka Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 13 February 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	30 June 2019 $	30 June 2018 $
Revenue	4	-	-
Other income	4	-	1
Consulting and legal expenses		(1,036,204)	(1,123,377)
Site expenses		(370,239)	(593,613)
Employment expenses		(289,087)	(612,544)
Share based payment credit / (expense)	18	150,266	(334,101)
Travel expenses		(12,100)	(40,109)
Other expenses		(61,553)	(83,471)
Finance charges		(2,256,406)	(1,557,137)
Loss on acquisition of asset		(1,552,915)	-
Loss before income tax		**(5,428,238)**	**(4,344,351)**
Income tax expense		-	-
Loss for the period		**(5,428,238)**	**(4,344,351)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(5,428,238)**	**(4,344,351)**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As of 30 June 2019

	Notes	30 June 2019 $	30 June 2018 (restated) $
Assets			
Current			
Cash and cash equivalents	10	62	13,468
Trade and other receivables	11	12,914	102,902
Total current assets		**12,976**	**116,370**
Non-current			
Development assets	12	3,307,887	193,213
Property, plant and equipment	14	2,200,710	1,979,569
Other financial assets	13	6,253,362	5,504,584
Total non-current assets		**11,761,959**	**7,677,366**
Total assets		**11,774,935**	**7,793,736**
Liabilities			
Current			
Trade and other payables	19	2,246,362	2,068,303
Provisions	17	17,607	42,607
Borrowings	13	17,234,551	8,407,286
Current liabilities		**19,498,520**	**10,518,196**
Non-current			
Provisions	17	5,339,653	4,760,274
Total non-current liabilities		**5,339,653**	**4,760,274**
Total liabilities		**24,838,173**	**15,278,470**
Net deficit		**(13,063,238)**	**(7,484,734)**
Equity			
Share capital	15	1	1
Other contributed equity	2.1	296,170	296,170
Share based payment reserve	18	-	749,835
Accumulated losses		(13,359,409)	(8,530,740)
Total equity		**(13,063,238)**	**(7,484,734)**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Notes	Share Capital	Accumulated losses	Other Contributed Equity	Share based payment reserve	Total equity
		$	$	$	$	$
Balance at 1 July 2017		1	(3,890,219)	-	415,734	(3,474,484)
Impact of prior year error	2.1	-	(296,170)	296,170	-	-
Restated balance at 1 July 2017		**1**	**(4,186,389)**	**296,170**	**415,734**	**(3,474,484)**
Loss for the period		-	(4,344,351)	-	-	(4,344,351)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period		**-**	**(4,344,351)**	**-**	**-**	**(4,344,351)**
Share based payments		-	-	-	334,101	334,101
Restated balance at 1 July 2018		**1**	**(8,530,740)**	**296,170**	**749,835**	**(7,484,734)**
Loss for the period		-	(5,428,238)	-	-	(5,428,238)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period		**-**	**(5,428,238)**	**-**	**-**	**(5,428,238)**
Reversal of share options expired		-	599,569	-	(599,569)	-
Reversal of share based payment expense		-	-	-	(150,266)	(150,266)
Balance at 30 June 2019		**1**	**(13,359,409)**	**296,170**	**-**	**(13,063,238)**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019	2018
		$	$
Operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(648,586)	(1,564,604)
Finance costs paid		-	(949,392)
Net cash used in operating activities	16	**(648,586)**	**(2,513,996)**
Investing activities			
Purchase of intangible assets		-	(45,835)
Cash on acquisition of Mt Boppy Resources		62	-
Net cash from/(used in) investing activities		**62**	**(45,835)**
Financing activities			
Proceeds from borrowings, net of repayments		635,118	2,571,586
Net cash from financing activities		**635,118**	**2,571,586**
Net change in cash and cash equivalents		(13,406)	11,755
Cash and cash equivalents, at beginning of the period		13,468	1,713
Cash and cash equivalents, at end of period		**62**	**13,468**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1 Nature of operations and general information and statement of compliance

The principal activities of Manuka Resources Ltd comprise of exploration, mine development, mining at processing of silver and gold.

During the financial year the Company's principal activities related to keeping the Wonawinta Silver Project (a silver mine and processing plant location in the Cobar Basin region) under care and maintenance and minor exploration activities. In addition, on the 20 June 2019, the Company acquired Mt Boppy Resources Pty Ltd which has gold resources east of Cobar.

The financial report includes the consolidated financial statements and notes of Manuka Resources Limited and its controlled entity Mt Boppy Resources Pty Ltd (Consolidated Group or Group). Mt Boppy Resources Pty Limited was consolidated from its acquisition date, being 20 June 2019.

The Group has elected to adopt the Australian Accounting Standards - Reduced Disclosure Requirements established by AASB 1053 Application of Tiers of Australian Accounting Standards.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001. Manuka Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Manuka Resources Ltd is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 5, Grafton Bond Building, 201 Kent Street, Sydney, New South Wales.

The consolidated financial statements for the year ended 30 June 2019 were approved and authorised for issue by the Board of Directors on 13 February 2020.

2 Changes in accounting policies

2.1 Correction of prior period errors

- During the year, the Company undertook a review of a mandate signed between the Company and Gleneagle Securities (Aust) Pty Ltd on the 15 April 2017 and found that the Company had to allot and issue 3,023,353 shares to Gleneagle as a result of services rendered to the Company. As the shares were only issued in September 2019, this transaction had never been recorded. Given the services were rendered during the 2017 financial year, this transaction should have been recorded at that date. This error has been rectified in the financial report by crediting 'other contributed equity' by $296,170 and debiting 'accumulated losses' for the same amount. This restatement does not impact the statement of profit or loss nor total equity as at 30 June 2019 or 30 June 2018.
- The Company has changed the balance sheet account name 'Exploration Assets' to 'Development Assets' as a result of the technical feasibility and commercial viability of the Manuka silver project being established in previous years. This restatement does not impact the financial figures in the current and previous years.

2.2 New standards adopted as at 1 July 2018

AASB 15 – Revenue from contract with Customers

The Group adopted AASB 15 from 1 July 2018 but does not derive any revenue from its mining activities at this stage, as such has not recognised any operating revenue. Eventually when the Group starts generating revenue, revenue will be recognised in accordance with AASB 15. Therefore, there is no impact from the transition from AASB 118 to AASB 15.

AASB 9 – Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets. When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods.

There was no impact on adoption of the new accounting standard.

AASB 9 has affected the classification of financial assets by the Group:

Financial Instrument	Classification and measurement	
Financial Statement Caption	**Under AASB 139**	**Under AASB 9**
Cash and cash equivalents	Amortised cost	Amortised cost
Trade and other receivables	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost
Loans and borrowings	Amortised cost	Amortised cost
Notes issued	Amortised cost	Amortised cost
Derivative financial instruments	FVTPL	FVTPL

2.3 Accounting standards not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

New Standards	AASB 16 Leases
Nature of change	AASB 16: - replaces AASB 117 *Leases* and some lease-related Interpretations - requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases - provides new guidance on the application of the definition of lease and on sale and lease back accounting - largely retains the existing lessor accounting requirements in AASB 117 - requires new and different disclosures about leases.
Effective Date	Mandatory for financial years commencing on are after 1 January 2019. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2019 and that comparatives will not be restated.
Impact	Although the Group has not conducted yet a formal assessment, the Group's lease commitments

New Standards	AASB 16 Leases
	are largely on a month-to-month basis, moreover the Group does not have any significant lease commitments that exceed 12 months as at 30 June 2019. On that basis, management expect the application of AASB 16 will not have an impact on the financial statements.

3 Summary of accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements have been prepared on a historical cost basis, except for the assets held for sale which are measured at fair value less cost of disposal. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

3.2 Going Concern

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

The financial statements do not include any adjustments that might be necessary should the Company not be able to continue as a going concern. In that case, the Company may not be able to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

The Company incurred a loss for the year of $5,428,238, has a deficit of assets of $13,063,238 and is in a net current liability position of $19,485,544. This triggers a material uncertainty in relation to going concern.

During the reporting period, the Company acquired Mt Boppy Resources Pty Ltd (Mt Boppy) in June 2019 for a consideration settled through issuance of the Company's equity instruments.

Consequent to the acquisition of Mt Boppy the Company established a new debt facility (TPC Facility) of USD$13 million (approximately AUD$19 million) with TransAsia Private Capital Limited (TPC) during July 2019 with expected repayments to be made in 3 tranches by February 2021 on the basis that the cash flows from Mt Boppy mining operations will generate sufficient cash flow.

The Company received the first tranche payment (USD 4.5 million) on 5 July 2019 which was used for full repayment of MCP Manager Pty Ltd's loan. Tranche 2 and Tranche 3 payments were conditional on certain requirements which were satisfied post this financial period. Tranches 2 and 3, were therefore drawn down and utilised by the Company, again post this financial period, primarily for the refurbishment of the production plant, and the development of the Mt Boppy mine. Both of these are expected to enable the commencement of mining operations, and the processing of the ores from the mining, which in turn will generate positive operational cash flows over the coming financial period.

All existing borrowings (except the one with MCP Manager Pty Ltd which was repaid post year-end) have been subordinated to the TPC Facility.

Thus, the ability of the Company to continue as a going concern and to meets its debts and obligations as they fall due is dependent upon the following:

- The continued financial support and the ability to provide such support of its shareholder ResCap Investments Pty Ltd ('Rescap') through cash advances, the availability of a line of credit and the extension of repayment terms;

- The continued financial support and the ability to provide such support of its directors, one of whom agreeing to provide a line of credit of $2,000,000 so the Group can continue paying its creditors;

- The continued financial support and the ability to provide such support of its shareholder Gleneagle Securities Nominees Pty Ltd ('Gleneagle') through cash advances, the availability of a line of credit and the extension of repayment terms;

- Successful mining operations at Mt Boppy, enabling the generation of sufficient positive net operating cash flows to repay all the loans and trade payables;

- Undertaking capital raising activities on the market; and

- In the event net cash generated from mining operations and capital raising is not sufficient to repay the TPC Facility by the repayment date of the TPC Facility and other debts/payables, then negotiating an extension of the repayment terms and/or raising alternative capital/debt.

The Directors are convinced with respect to the favourable outcome of the above matters and as such have therefore prepared the financial statements on a going concern basis.

3.3 Basis of consolidation

The Group's financial statements consolidate those of the Parent Company and all of its subsidiaries at the end of the reporting period. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3.4 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.5 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

3.6 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

When production commences, the accumulated costs for the relevant area of interest are transferred to mine properties and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site. A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest in, or in relation to, the interest are continuing. Exploration expenditure which fails to meet at least one of the conditions outlined above is written off.

3.7 Property, plant and equipment

Property, plant, equipment, is stated at cost less accumulated depreciation and any impairment in value.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Buildings are depreciated over 10 years, leasehold improvement over 5 years and plant and equipment is depreciated over 2 to 10 years depending on the nature of the asset. Land is not depreciated. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a revised useful life basis.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

3.8 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

• financial assets at amortised cost

• financial assets at fair value through profit or loss (FVPL)

• debt instruments at fair value through other comprehensive income (FVOCI)

• equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

• The entity's business model for managing the financial asset

• The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category.

Impairment of financial assets

AASB 9's new impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and

• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Accounting policies applicable to comparative period (30 June 2018)

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- Held-to-maturity (HTM) investments
- Available-for-sale (AFS) financial assets

All financial assets except for those at fair value through profit or loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Held-to-maturity (HTM) investments

Held-to-maturity (HTM) investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity. The Company currently holds listed bonds designated into this category.

Held-to-maturity (HTM) investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss (FVTPL), that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.9 Share based payments

Options over ordinary shares have been granted to employees, Directors and finance providers from time to time, on a discretionary basis. The cost of these share-based payments is measured by reference to the fair value at the date at which they are granted using an option pricing model. The options may be subject to service or other vesting conditions and their fair value is recognised as an expense together with a corresponding increase in other reserve equity over the vesting period.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.11 Mine development

Once the technical feasibility and commercial viability of the extraction of mineral resources in a particular area of interest become demonstrable all development costs subsequently incurred within that area of interest are capitalised and carried at cost.

Amortisation of capitalised mine development costs is provided on the unit-of-production method resulting in an amortisation charge proportional to the depletion of the economically recoverable mineral resources. Costs are amortised from the commencement of production.

3.12 Cash and cash equivalents

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

3.13 Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

3.14 Goods and Services Tax (GST)

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

3.15 Rehabilitation

Provisions made for rehabilitation are recognised where there is a present obligation as a result of exploration, development or production activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning mining activities and restoring the affected areas. The provision for future rehabilitation costs is the best estimate of the present value of the expenditure required to settle the obligation at the reporting date, based on current legal requirements and technology. Future rehabilitation costs are reviewed annually and any changes are reflected in the present value of the rehabilitation provision at the end of the reporting period. The amount of the provision for future rehabilitation costs relating to exploration and development activities is capitalised as a cost of those activities. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate the risks specific to the liability.

3.16 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Rehabilitation provision

The Company is required by the relevant regulatory authorities to ensure that appropriate rehabilitation is carried out on tenements that are mined. The amount of the rehabilitation cost is an estimate based upon the estimated life of each mined tenement, as well as the future timing and cost of such rehabilitation. The provision is constantly revised as information about the life of mine, depth of mining and cost estimates are updated.

Share based payment reserve

Management uses valuation techniques to determine the fair value of the reserve created when options are issued to employees and executives. This involves developing estimates and assumptions determined by reference to historical data of comparable entities over a period of time. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available.

4 Revenue and other income

	30 June 2019 $	30 June 2018 $
Sale of mineralised ore	-	-
Total revenue	**-**	**-**

	30 June 2019 $	30 June 2018 $
Other income	-	1
Total other income	**-**	**1**

5 Expenses

	30 June 2019 $	30 June 2018 $
Loss before income tax includes the following expenses:		
Professional expenses	1,036,204	1,123,378
Finance Costs	2,256,406	1,557,137
Employment Costs	289,087	612,544
Share based payment (credit) / expense	(150,266)	334,101
Site Expenses	370,239	593,613

6 Finance costs

	30 June 2019 $	30 June 2018 $
Finance costs are made up of the following items:		
Interest expenses and other finance charges – net of discounting	1,868,686	1,053,657
Borrowing cost application fee paid	-	80,760
Amortised borrowing costs of notes	-	35,000
Accrued interest charged to notes	387,720	387,720
Total finance costs	2,256,406	1,557,137

7 Income tax expense

	30 June 2019 $	30 June 2018 $
Reconciliation of the loss of the period to the income tax expense		
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Loss before income tax	(5,428,238)	(4,344,351)
Tax at the Australian rate of 27.5% (2018: 27.5%)	(1,492,765)	(1,194,697)
Current year tax benefit not recognised	1,492,765	1,194,697
Income tax expense	**-**	**-**

The Company has no available franking credits.

The Company has not booked as a deferred tax asset any tax losses in view of the inherent uncertainty as to whether the Company will be able to utilise those losses in the future.

8 Auditor remuneration

Auditor remuneration details are as follows:

	30 June 2019 $	30 June 2018 $
Audit of financial statements		
Auditors of Manuka Resources – Grant Thornton Australia	55,253	45,000
Remuneration from audit of financial statements	**55,253**	**45,000**
Total other service remuneration	**-**	**-**
Total auditor's remuneration	**55,253**	**45,000**

9 Dividends

No dividends for the period ended 30 June 2019 have been declared or paid to shareholders by the Company.

10 Cash and cash equivalents

	30 June 2019 $	30 June 2018 $
Cash and cash equivalents comprises the following:		
Cash at bank and in hand	62	13,468
Total cash and cash equivalents	**62**	**13,468**

Cash at bank and in hand is non-interest bearing.

11 Trade and other receivables

	30 June 2019 $	30 June 2018 $
Current		
Other Receivables	12,914	21,467
Prepayments	-	81,435
Total trade and other receivables	**12,914**	**102,902**

12 Development assets

The following tables show the movements in development assets:

		30 June 2019 $	30 June 2018 $
Development assets			
Opening net book amount		193,213	147,378
Additions at cost			
-Tenement acquisition costs		-	-
- Mine development expenses		-	45,835
- Mt Boppy development assets purchased	12(a)	3,114,674	-
Net book value		**3,307,887**	**193,213**

(a) In June 2019, the Company purchased 100% of the equity of Mt Boppy Resources Pty Ltd (Mt Boppy). Mt Boppy is a NSW gold mine, 45km to the East of Cobar in NSW on the Barrier Highway. It has produced over 500,000oz at an average grade 15g per NT Au. Mt Boppy has been in intermittent production since 1895 but has surprisingly had little exploration to date. The acquisition will provide immediate cashflow to the group through processing of the existing approximate 36,000oz AU resource on site. It is an open-pit mine that is fully permitted. The cost of the acquisition was settled through the issue of 61,772,400 shares in Manuka Resources Ltd.

13 Financial assets and liabilities

13.1 Categories of financial assets and financial liabilities

Note 3.8 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	30 June 2019 $	30 June 2018 $
Financial assets at amortised cost			
Cash and cash equivalents	10	62	13,468
Other financial assets	13.3	6,253,362	5,504,584
Total financial assets at amortised cost		**6,253,424**	**5,518,052**
Total financial assets		**6,253,424**	**5,518,052**
Financial liabilities at amortised cost			
Trade and other payables	19	2,246,362	2,068,303
Current borrowings – Other		13,178	-
Current borrowings – Related Party Loans owed by Manuka	13.2(a)	2,253,179	500,428
Current borrowings – Notes	13.2(b)	4,327,238	3,939,519
Current borrowings – Short-term Loan	13.2(c)	355,616	280,411
Current borrowings – MCP Manager Loan	13.2(d)	5,809,196	3,686,928
Current borrowings – Related Party Loans owed by Mt Boppy	13.2(e)	4,476,143	-
Total financial liabilities at amortised cost		**19,480,912**	**10,475,589**
Financial liabilities at fair value through profit and loss			
Derivative liabilities	13.4	-	-
Total financial liabilities at fair value through profit and loss		**-**	**-**
Total financial liabilities		**19,480,912**	**10,475,589**

13.2 Borrowings

Borrowings include the following financial liabilities:

	Notes	30 June 2019 $	30 June 2018 $
Current			
Other		13,178	-
Related party loans owed by Manuka	13.2(a)	2,253,179	500,428
Notes issued	13.2(b)	4,327,238	3,939,519
Short-term Loan	13.2(c)	355,616	280,411
MCP Manager Loan	13.2(d)	5,809,196	3,686,928
Related party Loans owed by Mt Boppy	13.2(e)	4,476,143	-
Total current borrowings		**17,234,550**	**8,407,286**
Total borrowings		**17,234,550**	**8,407,286**

All borrowings are denominated in Australian Dollars.

(a) The related party loans include the following:

	30 June 2019	30 June 2018
Rescap Investments Pty Ltd	1,776,080	500,428
Gleneagle Securities (Aust) Pty Ltd	477,099	-

The loan provided by ResCap Investments Pty Ltd includes working capital drawn down during the period and amounts owing for services provided. The loan on the working capital portion has an interest rate of 16%. On 3 July 2019, the facility was subordinated to the TPC Facility changing the repayment date of the loan to after the repayment of new TPC facility.

The loan provided by Gleneagle Securities (Aust) Pty Ltd includes working capital drawn down during the period and amounts owing for services provided. The loan on the working capital portion has an interest rate of 12%. On 3 July 2019, the facility was subordinated to the TPC Facility changing the repayment date of the loan to after the repayment of new TPC facility.

(b) On the 1st September 2016 the Company issued 3,231,000 convertible notes with a $1.00 face value. The terms of the Convertible Notes are outlined in a Convertible Note Deed Poll and they were to convert to shares on occurrence of the any of an IPO event, an RTA event or a Trade Sale event. Since the IPO event had not occurred the convertible note has been reassessed as a debt instrument, and interest of $1,096,238 has been accrued on the note and an establishment cost of $210,000 has been recorded against the value of the note. The establishment cost has been amortised. On 3 July 2019 this facility was subordinated to the TPC Facility, changing the repayment date of the loan to after the repayment of new TPC facility.

(c) Short-term Loan – The Short-term loan was drawn down in November 2017, and was expected to be repaid following a partial sale of an asset which fell over during final documentation. On 3 July 2019 this facility was subordinated to the TPC Facility, changing the repayment date of the loan to after the repayment of new TPC facility.

(d) MCP Manager Loan – is the senior secured facility. The facility came into existence in March 2018 with an initial repayment date of December 2018. This was then refinanced and further drawn down. Consequent to the receipt of tranche 1 payment per the TPC Facility all amounts due to MCP Manager was repaid in July 2019.

(e) The related party loans include the following loans advanced to Mt Boppy Resources Pty Ltd:

	30 June 2019
Rescap Investments Pty Ltd	3,084,143
Gleneagle Securities (Aust) Pty Ltd	1,392,000

The loan provided by ResCap Investments Pty Ltd includes amounts advanced and working capital drawn down during the period. No interest has been charged. On 3 July 2019, the facility was subordinated to the TPC Facility changing the repayment date of the loan to after the repayment of new TPC facility.

The loan provided by Gleneagle Securities (Aust) Pty Ltd includes amounts advanced. No interest has been charged. On 3 July 2019, the facility was subordinated to the TPC Facility changing the repayment date of the loan to after the repayment of the new TPC facility.

13.3 Other financial assets

		30 June 2019 $	30 June 2018 $
Other financial assets comprises the following:			
Non-current			
Manuka Resources - Deposit for environmental bond – amortised cost	13.3(a)	4,680,380	5,304,584
Mt Boppy Resources – Deposit for environmental bond historical cost	13.3(b)	1,372,982	-
Term Deposit		200,000	200,000
		6,253,362	**5,504,584**

The carrying amount of other financial assets is considered a reasonable approximation of fair value unless stated below:

(a) The Environmental Bond Deposit in the name of Manuka Resources Ltd has been amortised with reference to a discount rate of 2.66%.

(b) The Environmental Bond Deposit in the name of Mt Boppy Resources Pty Ltd has been carried recorded at historical cost which has been assessed as a reasonable approximation of its fair value given the rehabilitation work would have to be undertaken within 18 months.

13.4 Derivative Financial Liabilities

During the 2018 financial year 8,000,000 and 12,500,000 share options were issued to Gleneagle Securities (Aust) Pty Ltd and MCP Manager respectively in lieu of borrowing facility provided and extension of facilities. The exercise price is variable to certain factors, creating a derivative financial liability. The Company has assessed the fair value of the options issued as Nil as at 30 June 2019 (2018: Nil). Also refer to note 19.

13.5 Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Other financial assets

14 Property, plant and equipment

The following tables show the movements in property, plant and equipment:

	Land	IT Equipment	Plant & Equipment	Motor Vehicles	Total
	$	$	$	$	$
Balance 30 June 2018					
Cost	754,994	1,085	964,714	293,610	2,014,403
Depreciation	-	(1,085)	-	(33,749)	(34,834)
Net book value	**754,994**	**-**	**964,714**	**259,861**	**1,979,569**
Balance 30 June 2019					
Opening net book value	**754,994**	**-**	**964,714**	**259,861**	**1,979,569**
Additions	-	-	251,000	-	251,000
Depreciation	-	-	-	(29,859)	(29,859)
Closing net book value	**754,994**	**-**	**1,215,714**	**230,002**	**2,200,710**

The additions to Plant and Equipment were acquired through the acquisition of Mt Boppy Resources Pty Ltd.

15 Equity

15.1 Share capital

The share capital of Manuka Resources consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Manuka Resources.

	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	# Shares	# Shares	$	$
Shares issued and fully paid:				
• At beginning of period	244,066,247	244,066,247	1	1
• share issue 20 June 2019	61,772,400	-	-	-
Total contributed equity at end of period	**305,838,647**	**244,066,247**	**1**	**1**

a) On 20 June 2019, the Company acquired Mt Boppy Resources Pty Ltd. The consideration was paid by the Company by issuance of its equity instruments (61,772,400 shares). As a result of the fair value of the liabilities of Mt Boppy Resources being greater than the fair value of the assets, this did not result in an increase of the value of the Company's share capital.

15.2 Capital management policies and procedures

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern.

In making decisions to adjust its capital structure to achieve these aims, through new share issues, the company considers not only its short-term position but also its long-term operational and strategic objective.

16 Reconciliation of cash flows from operating activities

Details of the reconciliation of cash flows from operating activities are listed in the following table:

	30 June 2019 $	30 June 2018 $
Cash flows from operating activities		
Loss for the period	(5,428,238)	(4,344,351)
Adjustments for		
• depreciation and amortisiation	29,859	34,834
• loss on acquisition of asset	1,552,915	-
• discounting of rehabilitation provision	(169,399)	-
• share based payments	(150,266)	334,101
• finance costs included in financing	2,425,549	550,661
Net changes in working capital:		
• change in trade and other receivables	90,253	80,401
• change in other assets	-	320,416
• change in trade, other payables and related parties advances	1,025,741	509,942
• change in provisions	(25,000)	-
Net cash used in operating activities	**(648,586)**	**(2,513,996)**

17 Provisions

	30 June 2019 $	30 June 2018 $
Current		
Provision for Employee Entitlements	17,607	17,607
Provision for mercury contamination	-	25,000
Total current provisions	**17,607**	**42,607**
Non-current		
Rehabilitation provisions	5,339,653	4,760,274
Total Non-current provisions	**5,339,653**	**4,760,274**
Total provisions	**5,357,260**	**4,802,881**

17.1 Rehabilitation provisions

Rehabilitation provisions split between the parent and subsidiary are as follows:

	30 June 2019 $	30 June 2018 $
Rehabilitation provisions		
Manuka Resources	3,966,671	4,760,274
Mt Boppy	1,372,982	-
Total rehabilitation provisions	**5,339,653**	**4,760,274**

Provisions made for rehabilitation are recognised where there is a present obligation as a result of exploration, development or production activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning mining activities and restoring the affected areas. The provision for future rehabilitation costs is the best estimate of the present value of the expenditure required to settle the obligation at the reporting date, based on current legal requirements and technology. Future rehabilitation costs are reviewed annually and any changes are reflected in the present value of the rehabilitation provision at the end of the reporting period. The amount of the provision for future rehabilitation costs relating to exploration and development activities is capitalised as a cost of those activities. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate the risks specific to the liability. The fair value of the rehabilitation provision for Manuka Resources has been calculated with reference to a discount rate of 5.66% over 7 years. The discounting impact for Mt Boppy has been considered to be non-material as a result of the Company expecting to complete its rehabilitation work within two years.

The Company is required by the relevant regulatory authorities to ensure that appropriate rehabilitation is carried out on tenements that are mined. The amount of rehabilitation cost is an estimate based upon the estimated life of each mined tenement, as well as the future timing and cost of such rehabilitation. The provision is constantly revised as information about the life of mine, depth of mining and cost estimates are updated.

18 Share based payments

Options over ordinary shares have been granted to employees and Directors and finance providers from time to time, on a discretionary basis. The cost of these share-based payments is measured by reference to the fair value at the date at which they are granted using an option pricing model. The options may be subject to service or other vesting conditions and their fair value is recognised as an expense together with a corresponding increase in other reserve equity over the vesting period.

Share options are as follows for the reporting periods presented:

	30 June 2019 # Shares	30 June 2018 # Shares
Options issued:		
• At beginning of period	10,500,000	10,500,000
• Expired	(6,500,00)	-
• Forfeited	(1,000,000)	-
Total options at end of period	**3,000,000**	**10,500,000**

No share options were exercised during the year ended 30 June 2019. (2018: Nil)

The fair values of options granted were determined using a variation of the binomial option pricing model that takes into account factors such as the vesting period.

In total, share-based payment credit of $150,266 (2018: expense $334,101) has been included in profit or loss and debited to share option reserve. It has been assessed that the remaining options on issue will be unlikely to vest due to the vesting conditions and at 30 June 2019 the total value of the share based payment reserve is $Nil *(2018: $749,835)*.

19 Trade and other payables

	30 June 2019 $	30 June 2018 $
Current		
Trade creditors	1,776,438	1,835,206
Other creditors and accruals	469,924	233,097
Derivative financial liability	-	-
Total trade and other payables	**2,246,362**	**2,068,303**

Trade and other payables amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

Derivative financial liability
During the 2018 financial year 8,000,000 and 12,500,000 share options were issued to Gleneagle and MCP Manager respectively in lieu of borrowing facility provided and extension of facilities. The exercise price is variable to certain factors, creating a derivative financial liability. Company has assessed the fair value of the options issued as Nil, thus a $Nil liability has been booked as at reporting date. Also refer to note 13.4.

20 Financial risk management

General objectives, policies and processes
In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Activities undertaken by the Company may expose the Company to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority to its finance team, for designing and operating processes that ensure the effective implementation of the objectives and policies of the Company. The Company's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Company where such impacts may be material. The Board receives regular updates from Management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility.

At 30 June 2019, the Company held the following financial instruments:

	30 June 2019 $	30 June 2018 $
Financial assets		
Cash and cash equivalent	62	13,468
Other financial assets	6,253,362	5,504,584
Total financial assets	**6,253,424**	**5,518,052**

	30 June 2019 $	30 June 2018 $
Financial liabilities		
Other	13,178	-
Trade and other payables	2,246,362	2,068,303
Related party loans	6,729,322	500,428
Notes	4,327,238	3,939,519
Other Interest bearing loans	6,164,812	3,967,339
Derivative financial liability	-	-
Total financial liabilities	**19,480,912**	**10,475,589**

The fair value of these current financial instruments is assumed to approximate their carrying value.

Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Company incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Company. Policy of the Company is that sales are only made to customers that are credit worthy. Credit limits for each customer are reviewed and approved by Management.

Receivable balances are monitored on an ongoing basis. To mitigate the credit risk associated with cash and cash equivalents, contracts are taken out only with reputable financial institutions in Australia.

20 Financial risk management (continued)

The maximum exposure to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets, which is net of impairment losses. Refer to the summary of financial instruments table above for the total carrying amount of financial assets.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments.
Prudent liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of committed credit facilities.

The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows, seeking the financial support from its shareholders, finding debt providers and matching the maturity profiles of financial assets and liabilities.

Maturity Analysis

The table below summarises the maturity profile of the Company's financial liabilities based on contractual commitments.

		Carrying Amount	Contractual Cash flows	< 6 months	6- 12 months	1-3 years
		$	$	$	$	$
2018						
Non-derivatives						
Trade and other payables		2,068,303	2,068,303	-	2,068,303	-
Related party loans		500,428	500,428	-	500,428	-
Notes		3,939,519	3,939,519	-	3,939,519	-
Other interest bearing loans		3,967,339	3,967,339	-	3,967,339	-
		10,475,589	**10,475,589**	-	**10,475,589**	-

		Carrying Amount	Contractual Cash flows	< 6 months	6- 12 months	1-3 years
		$	$	$	$	$
2019						
Non-derivatives						
Other		13,178	13,178	13,178	-	-
Trade and other payables		2,246,362	2,246,362	2,246,362	-	-
Related party loans	20(a)	6,729,322	6,729,322	6,729,322	-	-
Notes	20(a)	4,327,238	4,327,238	4,327,238	-	-
Other interest bearing loans	20(a)	6,164,812	6,164,812	6,164,812	-	-
		19,480,912	**19,480,912**	**19,480,912**	-	-

a) On 3 July 2019 the Company secured a USD$13.0m loan facility (TPC Facility) from TPC, a Hong Kong based fund. As part of this facility the existing interest bearing loans were subordinated until the after repayment of the TPC Facility. As at 30 June 2019, all the loans were due for repayment, all the balances have therefore been reclassified in the column "< 6 months".

20 Financial risk management (continued)

Market risk

Market risk arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk).

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to cash and interest-bearing liabilities.

The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

	Weighted average interest rate	Floating rates	Fixed rates	Non-interest bearing	Total
		$	$	$	$
2018					
Financial assets					
Cash and cash equivalent	0%	-	-	13,468	13,468
Other financial assets	0%	-	-	5,504,584	5,504,584
		-	-	**5,518,052**	**5,518,052**
Financial liabilities					
Trade and other payables	0%	-	-	2,068,303	2,068,303
Related party loans	16%	-	500,428	-	500,428
Convertible notes	12%	-	3,939,519	-	3,939,519
Other Interest Bearing Loans	17%	-	3,967,339	-	3,967,339
		-	**8,407,286**	**2,068,303**	**10,475,589**

	Weighted average interest rate	Floating rates	Fixed rates	Non-interest bearing	Total
		$	$	$	$
2019					
Financial assets					
Cash and cash equivalent	0%	-	-	62	62
Other financial assets	0%	-	-	6,253,362	6,253,362
		-	-	**6,253,424**	**6,253,424**
Financial liabilities					
Other		-	13,178	-	13,178
Trade and other payables	0%	-	-	2,246,362	2,246,362
Related party loans	15%	-	962,788	5,766,534	6,729,322
Notes	12%	-	4,327,238	-	4,327,238
Other interest bearing loans	43%	-	6,164,812	-	6,164,812
		-	**11,468,016**	**8,012,896**	**19,480,912**

20 Financial risk management (continued)

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit/loss after tax (through the impact on floating rate financial assets and financial liabilities).

	Carrying amount	2019		Carrying amount	2018	
	$	+1%	-1%	$	+1%	-1%
Cash and cash deposits	62	1	(1)	13,468	135	(135)
Tax charge at 27.5% (2018:27.5%)		-	-		(37)	37
After tax increase / (decrease)		**1**	**(1)**		**98**	**(98)**
Other	13,178	(132)	132	-	-	-
Related party loans	962,788	(9,628)	9,628	500,428	(5,004)	5,004
Convertible notes	4,327,238	(43,272)	43,272	3,939,519	(39,395)	39,395
Other interest bearing loans	6,164,812	(61,648)	61,648	3,967,339	(39,673)	39,673
Tax charge at 27.5% (2018:27.5%)		31,537	(31,537)		23,120	(23,120)
After tax increase / (decrease)		**(83,143)**	**83,143**		**(60,952)**	**60,952**
Net after tax increase / (decrease)		**(83,142)**	**83,142**		**(60,854)**	**60,854**

21 Leases

21.1 Operating lease as sub-lessee

The Company leases an office under an operating lease on a month by month basis. The future minimum lease payments are as follows:

	Minimum lease payments due			
	Within 1 year $	1 to 5 years $	After 5 years $	Total $
Lease payments				
30 June 2018	-	-	-	-
30 June 2019	-	-	-	-

Lease expenses during the period amount to $83,094 (2018: $68,537) representing the minimum lease payments. The previous sublease contract commenced on 1 September 2016 and ceased on 31 December 2017. The company has been leasing the premises on a month by month basis since expiry of the sublease.

22 Commitments for expenditure

22.1 Tenement Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the State Government. Due to the nature of the Company's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent years will be similar to that for the forthcoming twelve months.

These obligations are not provided for in the financial report and are payable as follows:

	30 June 2019 $	30 June 2018 $
Not later than one year	954,000	619,000
Between 1 year and 5 years	1,170,417	2,124,417

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values.

23 Contingent assets and liabilities

23.1 Bank Guarantee to Cobar Shire Council and road rehabilitation

The Company has a term deposit with NAB to cover a bank guarantee of $200,000 issued by the NAB to Cobar Shire Council. The bank guarantee is required by Cobar Shire Council to cover the estimated cost of restoring the road to their pre-mining condition.

Due to contingent nature of the asset and liability and the significant uncertainty of timing and because the cost of necessary road repairs cannot be estimated with any degree of certainty, the value of the bank guarantee has not been brought to account in the financial statements of the Company.

24 Acquisition of Mt Boppy

The Company acquired 100% Mt Boppy Resources Pty Ltd (Mt Boppy) on 20th June 2019 for a consideration settled through issuance of 61,772,400 shares of the Company's equity instrument.

The transaction has been treated as an asset acquisition as it does not meet the definition of a business combination.

Mt Boppy is a NSW gold mine, 45km to the East of Cobar in NSW on the Barrier Highway. It has produced over 500,000oz at an average grade 15g per NT Au. Mt Boppy has been in intermittent production since 1895 but has surprisingly had little exploration to date. The acquisition will provide immediate cashflow to the group through processing of the existing approximate 36,000oz AU resource on site. It is an open-pit mine that is fully permitted.

Consequent to the acquisition of Mt Boppy the Company established a new debt facility (TPC Facility) of $US 13 million with TransAsia Private Capital Limited (TPC) during July 2019 with expected repayments by February 2021 on the basis that the cash flows from Mt Boppy mining operations will generate sufficient cash flow for repayment of the TPC Facility.

25 Interests in Subsidiaries

Set out below are details of the subsidiaries held directly by the Group:

Name of the subsidiary	Place of incorporation and place of business	Principal activity	Proportion of ownership interests held by the Group 30 June 2019	30 June 2018
Mt Boppy Resources Pty Ltd	Australia	Gold Mine	100%	-

26 Parent Entity Information

Information relating to Manuka Resources Ltd (the Parent Entity):

	30 June 2019 $	30 June 2018 $
Statement of financial position		
Current assets	12,651	116,370
Total assets	**7,035,954**	**7,793,736**
Current liabilities	14,579,606	10,518,196
Total liabilities	**18,546,277**	15,278,470
Net deficit	**(11,510,323)**	**(7,484,734)**
Issued capital and other contributed equity	296,171	296,171
Accumulated losses	(11,806,494)	(8,530,740)
Share based payment reserve	-	749,835
Total equity	**(11,510,323)**	**(7,484,734)**
Statement of profit or loss and other comprehensive income		
Loss for the year	(3,875,323)	(4,344,351)
Other comprehensive income	-	-
Total comprehensive income	(3,875,323)	(4,344,351)

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end. Refer to Note 23 for contingent liabilities.

27 Related party transactions

27.1 Transactions with related parties and outstanding balances

The Company's related parties include key management, and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

	30 June 2019 $	30 June 2018 $
Details of related party transactions with ResCap Investments Pty Ltd through the Intercompany loan:		
• interest charged on intercompany loan	106,374	36,792
Details of related party transactions with ResCap Investments Pty Ltd as trade and other creditors		
• amounts charged pursuant to sublease to ResCap Investments Pty Ltd and month to month lease payments	83,094	68,537
• amounts charged pursuant to service agreement to ResCap Investments Pty Ltd	360,000	450,000
Details of related party transactions with Gleneagle Securities (Aust) Pty Ltd		
• interest charged on intercompany loan	12,099	-
• amounts paid for advisor fees	-	80,000
• amounts charged for work completed for the IPO	-	265,000
• interest on notes	387,720	387,720

		30 June 2019	30 June 2018
		$	$
Details of balances with related parties:			
Balance of loan with Manuka			
- ResCap Investments Pty Ltd	13.2(a)	1,776,080	500,428
- Gleneagle Securities (Aust) Pty Ltd	13.2(a)	477,099	-
Balance of Notes	13.2(b)	4,327,238	3,939,519
Balance of trade and other creditors			
– ResCap Investments Pty Ltd		-	570,391
– Gleaneagle Securities (Aust) Pty ltd		-	265,000
– Mining Associates Operations Pty Ltd		348,339	348,339
Balance of loan with Mt Boppy			
- ResCap Investments Pty Ltd		3,084,143	-
- Gleneagle Securities Nominees Pty Ltd		1,392,000	-

27.2 Transactions with key management personnel

Key management of the Company includes the executive members of Manuka Resources' Board of Directors and management personnel. Key management personnel remuneration includes the following expenses:

	30 June 2019	30 June 2018
	$	$
Director fees	65,620	148,121
Executive remuneration	-	86,257
Share based payments	-	334,101
Total remuneration	**65,620**	**568,479**

No share options were exercised during the year ended 30 June 2019. (2018: Nil)

28 Events subsequent to the end of the reporting period

- Repayment of MCP Manager Pty Ltd Secured Facility

  The MCP Manager Pty Ltd Secured Facility was repayable upon the earlier of Manuka Resources entering into an appropriate debt funding arrangement and was expected to be repaid before 31 August 2019 following receipt of tranche - 1 payment from the debt facility from TransAsia Private Capital Limited (TPC). This facility was repaid in full on 5th July 2019.

- TransAsia Private Capital Limited Secured Facility

  The Company signed a debt facility agreement (TPC Facility) in July 2019. The TPC Facility entitles the Company to USD 13 million (approximately A$ 19 million) in debt - to be received in three tranches.

  The Company received the first tranche payment (USD 4.5 million) on 5th July 2019 which has been utilised for full repayment of MCP Manager Pty Ltd's loan and partial repayment of existing trade creditors.

Tranche 2 was received on 16th August 2019 and was utilised by the Company to refurbish the plant enabling processing of the mineral ores (both on stock-pile and to be mined) and the generation of mining revenues. All existing borrowings (refer to note 13.2 of the financial report) apart from MCP Manager Pty Ltd have been subordinated to the TPC Facility.

Tranche 3 was received in 3 sub tranches on the following:
(d) USD2.50m received 4 November 2019
(e) USD1.0m received 4 December 2019
(f) USD1.50m received 28 December 2019

The proceeds from Tranche 3 were to be spent on working capital requirements of the Company, as well as capital items, and crushing and haulage related to the relocation of Mt Boppy gold ores from Mt Boppy to the Wonawinta Plant (at Manuka).

The repayment of Tranche 1 which was due in January 2020 has been extended to April 2020.

- Office Lease, Level 4 Grafton Bond Building, 201 Kent Street

  The Company entered into an operating lease for office premises at suite 405, Grafton Bond Building, 201 Kent Street, Sydney. The lease commenced on 1 January 2020 and has a non-cancellable term of 2 years.

Apart from the matters noted above, there are no other matters or circumstances that have arisen since the end of the period that has significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

29 Company Details

The registered office and principle place of business of the Company is:

Manuka Resources Ltd
Level 5 Grafton Bond Building
201 Kent Street, Sydney, New South Wales

Directors’ Declaration

In the opinion of the Directors of Manuka Resources Ltd:

a The financial statements and notes of Manuka Resources Ltd are in accordance with the *Corporations Act 2001*, including:

i. Giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

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

b There are reasonable grounds to believe that Manuka Resources Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

Director
Dennis Karp

Dated the 13 day of February 2020

Grant Thornton

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Independent Auditor's Report

To the Members of Manuka Resources Limited

Report on the audit of the financial report

Opinion

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

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

a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 3.2 in the financial statements, which indicates that the Group incurred a net loss of $5,428,238 during the year ended 30 June 2019, and as of that date, had a deficit of assets of $13,063,238. The Group's current liabilities also exceeded its current assets by $19,485,544. As stated in Note 3.2, these events or conditions, along with other matters as set forth in Note 3.2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

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

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

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

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

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 – Reduced Disclosure Requirements and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 13 February 2020