



**Annual Report**  
**for the year ended 30 June 2019**

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## CORPORATE INFORMATION

**ABN 94 616 200 312**

### Directors

Mr Mark Ashley	Non-Executive Chairman
Mr Charles William Thomas	Managing Director
Mr George Henderson	Non-Executive Director
Mr John Daniel Moore	Non-Executive Director appointed 5 September 2019

### Company secretary

Mrs Anna MacKintosh

### Registered and Principal Office

22 Townshend Road  
Subiaco WA 6008

Telephone: 08 6380 2470  
Website: [www.marqueeresources.com.au](http://www.marqueeresources.com.au)

### Share register

Security Transfer Registry  
770 Canning Highway  
Applecross WA 6153  
Telephone: 08 9315 2333  
Facsimile: 08 9315 2233

### Solicitors

AGH Law  
Level 2, 66 Kings Park Road  
West Perth WA 6005

### Bankers

NAB  
100 St. Georges Terrace  
Perth WA 6000

### Auditors

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### Securities Exchange Listing

Marquee Resources Limited shares are listed on the Australian Securities Exchange (ASX: MQR)

## DIRECTOR'S REPORT

Your directors present their report together with the financial statements of the Group consisting of Marquee Resources Limited ("the Company") and the entities it controlled during the year for the financial year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

### Directors

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

#### Mark J Ashley FMCA (Non-Executive Chairman)

Experience and expertise	Mr Ashley is a senior resource executive with an over 30-year career launching, turning around, and optimising internationally listed organisations mostly in Mining and Natural Resource Sectors. Mr Ashley has a wide ranging and in-depth knowledge of the technical, commercial and financial aspects of the Resource sector (precious metals, base metals and bulk commodities) having held senior executive roles of a number of internationally listed entities including Normandy Mining, Cluff Resources, LionOre Mining International, Kagara Zinc, Apex Minerals and many others. He has significant international experience having worked in London, Shanghai, Turkey, Africa, Australia and now the USA. Mr Ashley is a citizen of the USA, Australia and the UK and currently resides in California.
Other current directorships	Tonogold Resources Inc OTC (USA)
Former listed directorships in last 3 years	Vangold Resources Inc TSVX (Canada)

#### Mr Charles Thomas B.Com (Managing Director)

Experience and expertise	Mr Thomas holds a Bachelor of Commerce from UWA majoring in Corporate Finance. Mr Thomas is an Executive Director of GTT a boutique corporate advisory firm based in Australia. Mr Thomas has worked in the financial service industry for more than 15 years and has extensive experience in capital markets as well as the structuring of corporate transactions. Mr Thomas has significant experience sitting on numerous ASX boards spanning the mining, resources and technology space.
Other current directorships	Non-executive director of Vikings Mines Ltd (ASX.VKA) Non-executive director Chase Mining Corporation (ASX.CML) (formerly Toptung Limited)
Former listed directorships in last 3 years	Non-executive director Force Commodities Ltd (ASX.4CE) Non-executive director Search Party Group Limited (formerly Applabs technologies) (ASX.SP1) Non-executive director AVZ Minerals Ltd (ASX.AVZ)

#### Mr George Henderson (Non-Executive Director)

Experience and expertise	Mr Henderson is a corporate lawyer with AGH Law. George primarily works in mergers and acquisitions, capital raisings and regulatory compliance, and has particular experience in the resources sector. George graduated from the University of Western Australia with degrees in Law and Commerce (Corporate Finance and Financial Accounting).
Other current directorships	Nil
Former listed directorships in last 3 years	Nil

**DIRECTOR'S REPORT cont.****Mr John Daniel Moore (Non-Executive Director)**

Experience and expertise	Mr John Daniel Moore has extensive experience in equity capital markets since 2004, previously with Wilson HTM and Morgan Stanley, focused on energy companies.
Other current directorships	Non-executive Director Koch Metals Ltd
Former listed directorships in last 3 years	Non-executive Director iCollege (ASX:ICT) Non-executive Director Coronado Resources during its RTO with Rac Oncology (ASX:RAC) Non-executive Director Stratum Metals during its RTO with Locality Planning Energy (ASX:LPE)

**Company Secretary**

Anna MacKintosh B.Com (UWA) CPA

Anna MacKintosh has over 26 years' commercial experience including 11 years with BHP, 10 years with AFSL holder Kirke Securities Ltd as Compliance Manager, Finance Manager and Responsible Executive. Since then Mrs MacKintosh has been the Company Secretary/CFO for listed entity Kalia Limited (formerly GB Energy Ltd) (ASX: KLH), Financial Controller for Force Commodities (ASX: 4CE) and previously XTV Networks Ltd (ASX: XTV) and Applabs Technologies Ltd (ASX: ALA). She is also currently Company Secretary of TAO Commodities Ltd (ASX.TAO) and Global Vanadium Ltd (ASX.GLV)

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

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Performance Rights
Mr Mark Ashley	Nil	3,000,000	1,000,000
Mr Charles Thomas	1,000,000	5,333,333	5,000,000
Mr George Henderson	10,000	Nil	1,000,000
Mr John Daniel Moore	Nil	Nil	Nil

There are no unpaid amounts on the shares issued.

The Company currently has 9 million unlisted options (all held by Directors/previous Director) on issue, 8 million listed options issued via a Non-renounceable Entitlement Offer in September 2017 and 5,785,714 unlisted options issued in June 2018.

**Dividends**

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

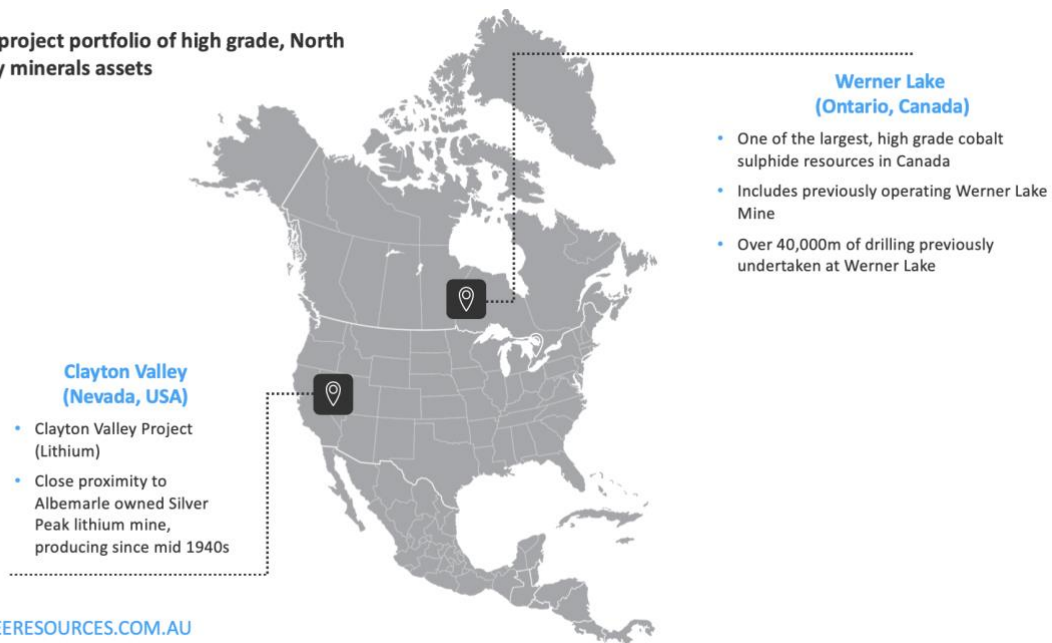
## DIRECTORS' REPORT cont.

### Principal Activities

Marquee Resources is a mineral explorer that has interests in the Ontario Cobalt Projects (Werner Lake -30%) and the Clayton Valley Lithium Project (100%) (Nevada, USA)

### Canadian Cobalt Projects

Complementary project portfolio of high grade, North American battery minerals assets



### Drilling Program Werner Lake

The exploration program for the maiden drilling campaign at the Werner Lake Cobalt project ("**Werner Lake**"), located in Ontario, Canada commenced on 28 June 2018.

Phase 1 of the Company's drilling program consisted of approximately 2,000m of diamond drilling. Initially, drilling was focused on the Werner Lake West area where the bulk of the NI 43-101 Mineral Resource of 79,400 Tonnes at 0.43% Co<sub>1</sub> has been delineated. Planned drill holes were to test depth extension of the mineralised zone(s), confirm historic drill intercepts and attempt to convert areas of Inferred mineralisation to Indicated category.

<sup>1</sup> This work was based on a technical report AGP Mining Consultants, April 30, 2018 titled "NI 43-101 Resource Estimate for the Werner Lake Project, Werner Lake Ontario" for Global Energy Metals Corp ("GEMC"), conforming to CIM technical standards and NI 43-101 reporting standards for resources estimates. MQR deems this resource still relevant because economic parameters have not negatively changed significantly since publication date and MQR has confidence in the estimate based on review of technical data. There are no more recent estimates or data available. To upgrade this work from a historical or foreign estimate to a current mineral resource, MRQ will review the data set and complete additional drilling and modeling work to verify the historic or foreign estimate as a current mineral resource. A qualified person has not done sufficient work to classify the historical or foreign estimate as current mineral resources or reserves under JORC (2012) standards, and the issuer is not treating the historical or foreign estimate as a current mineral resources or reserves. Details of the Werner Lake project were reported by Marquee in press release dated December 5, 2017.

**DIRECTOR'S REPORT cont.**

Phase 2 drilling continued to test the down dip/down plunge potential of the mineralised zone at both the Werner Lake West and the Old Mine Site areas.

The assay results from drill holes (Phase 1) WL 18-03 to WL 18-13 at the Werner Lake Cobalt project are shown below:<sup>2</sup>

Table 1 Diamond Drill Results – Werner Lake

Drill Hole	From (m)	To (m)	Intercept (m)	Co (%)	Cu (%)
WL 18-03	95.5	96.5	1.0	0.165	0.164
	101.0	102.6	1.6	0.107	0.344
WL 18-04	118.1	119.2	1.1	0.043	0.146
WL 18-05	148.7	150.4	1.7	0.189	0.094
WL 18-06	189.0	191.7	2.7	0.354	0.313
Incl.	189.0	189.7	0.7	0.672	0.819
WL 18-07	198.5	204.0	5.5	0.660	0.124
Incl.	198.5	199.2	0.7	3.150	0.056
WL 18-08	202.75	203.30	0.55	0.534	0.221
	210.20	210.93	0.73	0.159	0.928
WL 18-09	253.86	254.75	0.89	0.365	0.296
WL 18-10	168.60	170.00	1.40	0.086	0.237
WL 18-11				NSR	NSR
WL 18-12	279.23	280.49	1.26	0.299	0.363
WL 18-13	346.00	349.90	3.90	0.214	0.120
Incl.	346.00	348.00	2.00	0.339	0.126

The Company was extremely encouraged to have intersected such high-grade cobalt mineralisation in Phase 1 of Marquee's drilling program. WL 18-07 is one of the best holes that has ever been drilled at Werner Lake and demonstrates that significant intersections at depth can be made.

WL 18-07 intersected strong cobalt mineralisation of 0.660% Co over 5.5 metres (from 198.5 metres), including a significant 0.7 m interval (from 198.5 metres) that assayed 3.150% Co, though two significant intervals below this interval assayed over 0.3% Co, representing a strong zone of mineralisation.

Following on from the success of drill hole WL 18-07 during Phase 1, which highlighted an encouraging ~50 metres down dip extension of previous mineralisation, the geological team selected a target drill hole WL 18-11 (the first hole to be drilled in the Phase 2 campaign) in order to test the potential for further mineralisation below WL 18-07.

The drilling of holes WL 18-08, 18-09 and 18-10 saw the completion of the Phase 1 drill campaign. Total metres drilled for Phase 1 were 2,122m.

On the back of the positive results from the Phase 1 drill campaign the decision was made to immediately begin the Phase 2 drill campaign. The Company was particularly encouraged by the results of holes WL 18-12 and WL 18-13 which were some of the deepest holes drilled at the project and indicate that the mineralisation does in fact extend to depth and down plunge as suggested by the previous owners of the project.

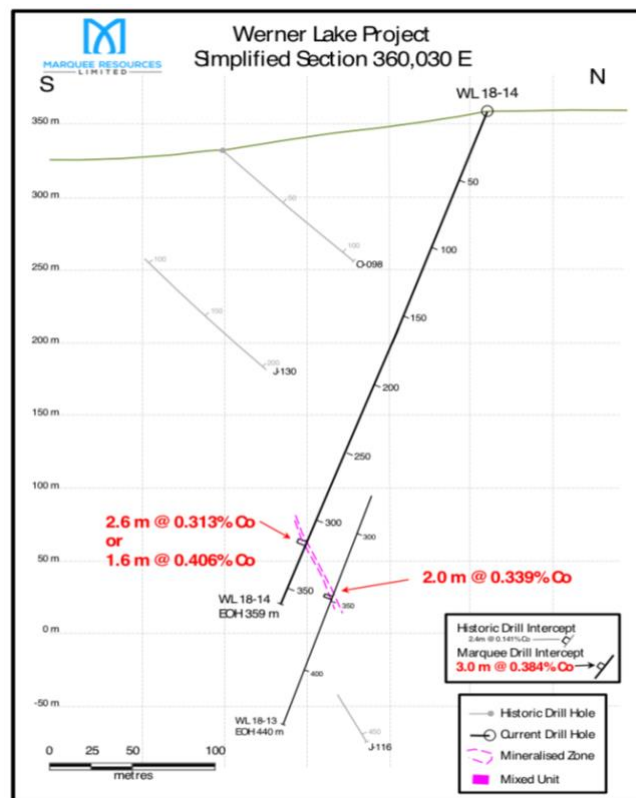
The assay results for the final four drill holes WL 18-14 to WL 18-18 (Table 2) from the Werner Lake Cobalt project are shown below (Phase 2). The results are significant because they have intersected high-grade mineralisation within and beyond the constraints of the current Mineral Resource model.

<sup>2</sup> Refer to announcements made by the Company to ASX on 15 August 2018 and 26 October 2018.

**DIRECTOR'S REPORT cont.****Table 2: Diamond Drill Results – Werner Lake**

Drill Hole	From (m)	To (m)	Intercept (m)	Co (%)	Cu (%)
WL 18-14	289.50	299.00	0.50	0.146	0.322
	302.00	302.60	0.60	0.217	0.154
	316.40	319.00	2.60	0.313	0.177
Incl.	316.40	218.00	1.60	0.406	0.176
WL 18-15	Terminated				
WL 18-16	326.75	327.76	1.01	0.115	0.225
WL 18-17	407.00	408.00	1.00	0.220	3.020
WL 18-18				NSR	NSR

WL 18-14 (Figure 1) was drilled on Section 360,060 E to test extension of the West Mine Zone, west from WL 18-12 and WL 18-13 (2.00m @ 0.339% Co – previously reported). The hole intersected a thick sequence of the targeted altered biotite-garnet gneiss unit (the "Mixed Unit") from 274 m to 306 m and again from 312 to 324 m down hole. Both these sections were characterized with thinner intervals of 2% to 5% sulphides (pyrrhotite, chalcopyrite) with narrow, up to 10% combined sulphides sections. This intercept confirms the presence of the key host unit with strong cobalt mineralisation in the targeted area. It also represents an approximate 50 m down plunge (easterly) extension to mineralisation in drill hole WL-10-032 (2.0 m @ 0.257% Co from 3123 m down hole) drilled by Puget Ventures in 2010.

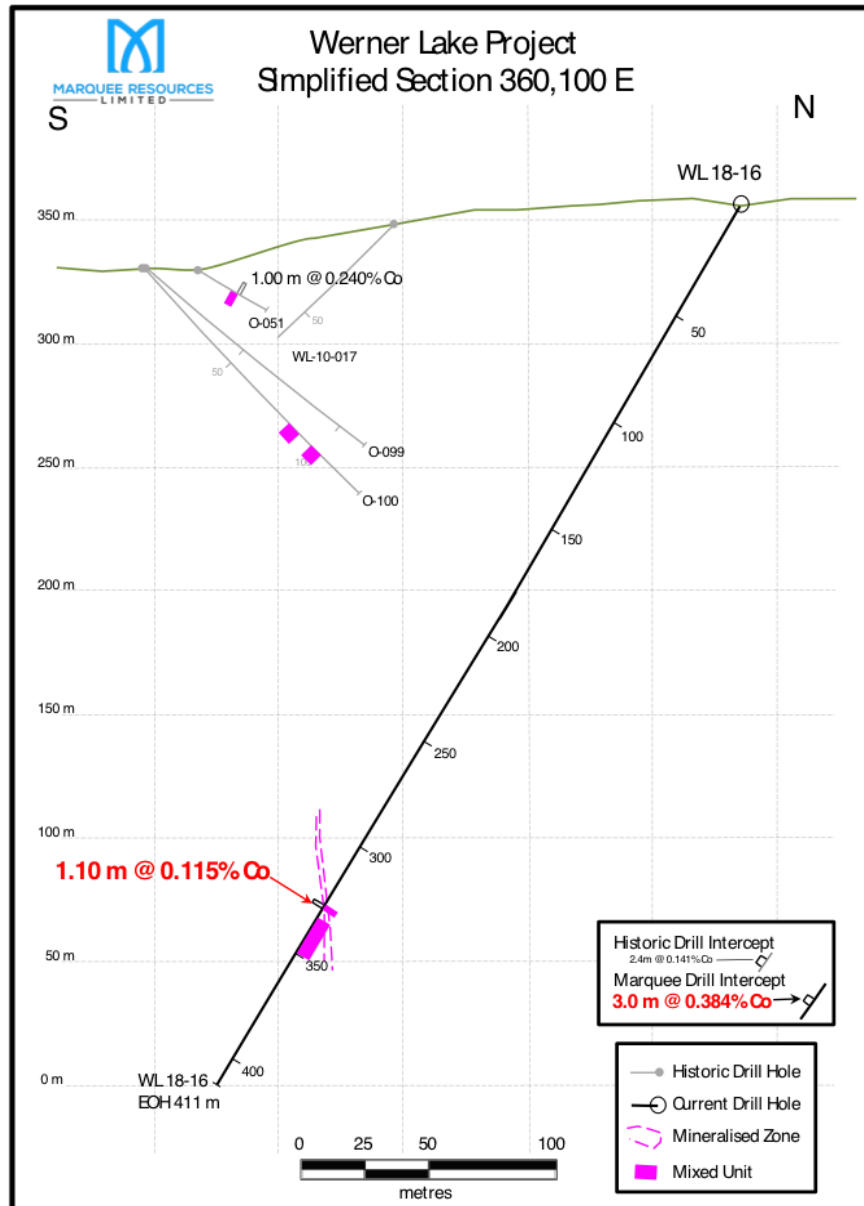
**Figure 1: Simplified Cross Section 360,030 E**



## DIRECTOR'S REPORT cont.

WL 18-16 was drilled on section 360,100 E (Figure 2) and tested for an extension to the deep West Mine Zone mineralisation to the east across a postulated vertical, in theory delineating between the West Mine Zone and the Old Mine Zone. The hole intersected a number of narrower zones of the targeted Mixed Unit and returned cobalt enriched intervals including 1.01 m @ 0.115% Co from 326.76 down hole. Drill hole WL 18-15 was collared at the same point but was terminated after approximately 27 m due to being deflected significantly from its intended azimuth.

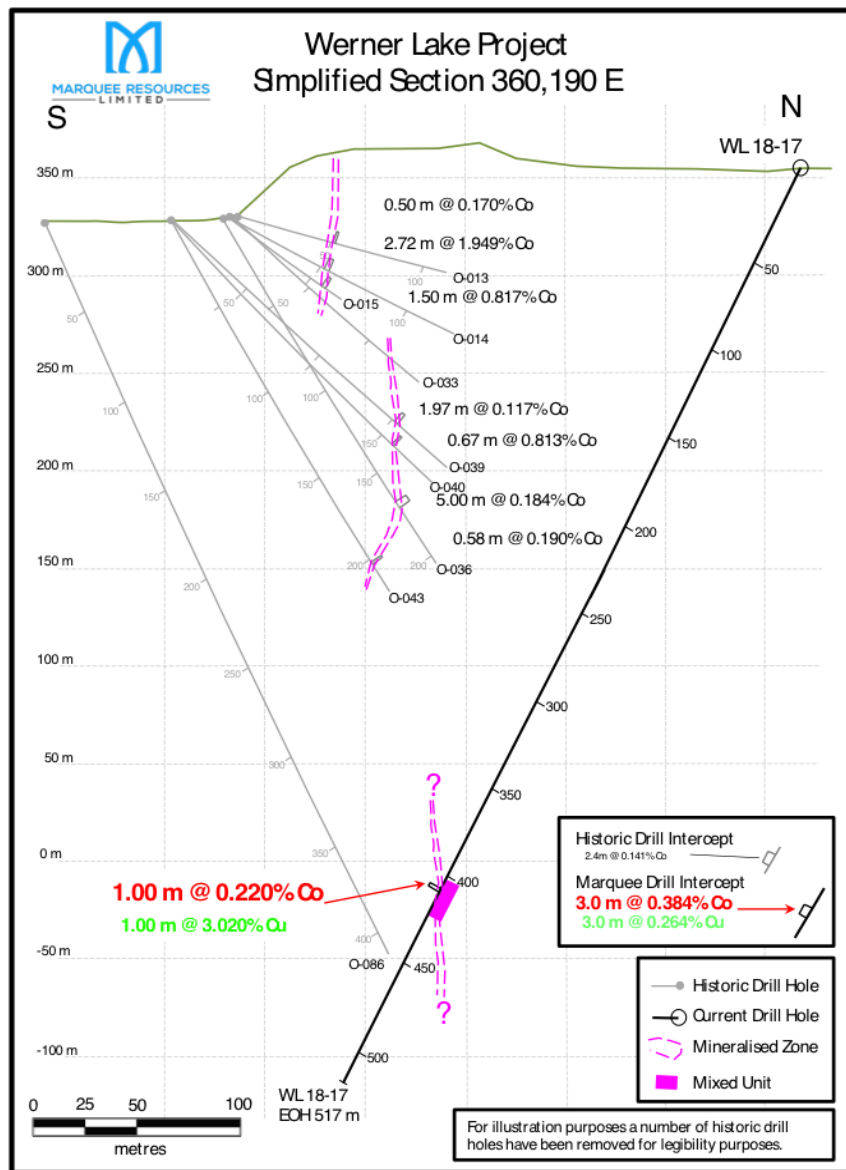
Figure 2: Simplified Cross Section 360,100 E.



WL 18-17, drilled on section 360,190 E (Figure 3) again tested the down plunge mineralisation associated with the West Cobalt Zone and represents step outs of 150 m from WL 18-16 and approximately 120 m from WL 18-13. The drill hole successfully cut several zones of the Mixed Unit with narrow zones with up to 10-15% combined sulphides. These results indicate the target horizon(s) continue to depth. The hole was also the deepest drilled to date during the current drill program. The positioning of WL 18-17 suggests the hole also hit very close to the Old Mine Zone, a more vertical mineralised shoot (Canmine drill hole O-071; 1.00 m @ 0.160 m from 378.7 m down hole). Following trends of both zones down dip and down plunge sets up a potentially interesting structural intersection at depth.

## DIRECTOR'S REPORT cont.

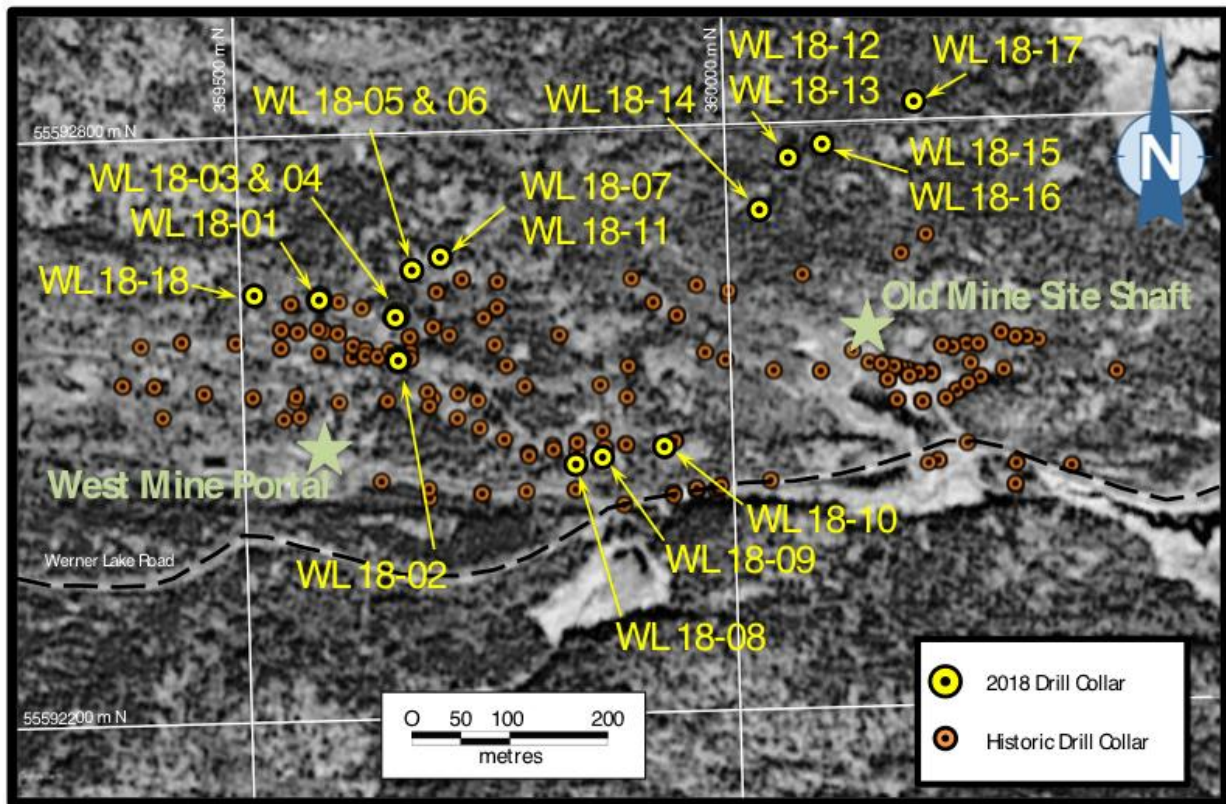
Figure 3: Simplified Section 360,190 E



WL 18-18 was drilled on section 359,525 E and tested the potential for deeper mineralisation below the resource area at the far west end of the West Cobalt Zone. Several zones of the altered biotite garnet schist mixed with mafic and granitic gneiss were cut in the hole, but overall sulphides were generally in the zero to trace range.

## DIRECTOR'S REPORT cont.

Figure 4: Drill Location Plan Map

**MQR earns initial 30% Interest Werner Lake**

The stage one expenditure commitment of \$1,000,000 was reached during the financial year and Marquee has earned the initial 30% interest in the Werner Lake Sulphide Cobalt project, located in Ontario, Canada.

Marquee, via its wholly owned subsidiary Canadian C027 Pty Ltd (**Co27**), entered into a farm in agreement with Global Energy Metals Corp. (**GEMC**) on the 23rd of November 2017 to earn up to a 70% interest in the Werner Lake Cobalt project.

Pursuant to the agreement, Marquee has the right to earn the 70% Interest in the project by incurring the second stage of expenditure (\$1,500,000) on the project.

**MoU Offtake Agreement with Chinese Enterprise**

The Company announced during the quarter that it had signed a non-binding Memorandum of Understanding ("**MoU**") regarding a cobalt-copper offtake agreement with Zhejiang Meidu Haichuang Lithium Battery Technology Co. ("**China Hitrans**"), a subsidiary of Shanghai Stock Exchange listed Meidu Energy Co. Ltd. (Code 600175).

China Hitrans is a high-tech enterprise that develops, produces and sells ternary cathode materials and ternary precursors of lithium battery.

The Company notes, however:

- Marquee is still in its exploration phase and there is no guarantee that it will proceed to commercial mining operations; and
- the MoU is non-binding and there is no guarantee that the parties will proceed to a binding offtake agreement.

## DIRECTOR'S REPORT cont.

### Metallurgical Testing

Marquee Resources completed five metallurgical drill holes collecting approximately 150kgs of HQ core, composited and shipped to the SGS Lakefield lab for further metallurgical work.

The Company received preliminary information on the QEMSCAN mineralogy study completed by SGS Canada Inc.. The sample was stage crushed to a P80 of 212 µm, screened and combined into four size fractions (+212 µm, -212/+106 µm, -106/+45 µm and -45 µm) for the QEMSCAN analysis. The sample is comprised of quartz (27.2%), plagioclase (14.6%), garnets (18.8%) and biotite (19.2%) with other gangue minerals including amphibolite/pyroxene, sericite/muscovite chlorite/clays present in minor to trace amounts. Sulphides include cobaltite (0.77%), chalcopyrite (0.58%) and pyrrhotite (0.18%) and pyrite/marcasite (1.0%). Cobaltite liberation is very good for the calculated head at approximately 91%.

### Clayton Valley Project (USA)

Marquee Resources completed its maiden drilling program at its Clayton Valley Lithium Project in Nevada, USA. In early July 2017 Harris Exploration Drilling and Associates began mobilising the rig at the site and drilling officially commenced.

Final analyses of the program were announced to the market on 26 September 2017.

Analysis received from 10-foot water samples collected from hole AUS-2 drilled by conventional rotary by Harris Exploration Drilling to a total depth of 2000 feet. Hole AUS-1 drilled by reverse circulation was lost to caving.

The reportable intervals of Lithium previously reported were:

Depth	Interval
1010-1080	70 feet at 4.8 mg/L high of 8.7 mg/L
1090-1200	110 feet at 6.7 mg/L high of 11.6 mg/L
1250-1260	10 feet at 2.9 mg/L
1340-1350	10 feet at 5.5 mg/L

While MQR believes that analyses of Drill hole Aus-2, are marginal in the strictest sense, these results have opened up the South-Eastern Clayton Valley to an expanded potential because MQR believes that these analyses are too high to readily be explained other than by the Clayton Valley lithium brine formation process. The results are marginal, but geologically significant.

The company believes that geologically, hole AUS-2 could potential re-write the geology of South-Eastern Clayton Valley. It encountered unexpected and significant thicknesses of the same rocks which host lithium brines. MQR believes the mineral potential remains open as do the actual boundaries of the sedimentary basin of Clayton Valley.

The company in conjunction with its consultant geologist has been assessing the best course of action for the Clayton Valley Project and are exploring alternative options for Clayton Valley in order to maximise value for shareholders. This includes the possibility of farm-in partners for the project or an outright sale. Activity in relation to this however has not yet reached a stage whereby there is certainty one way or another as to the direction that will eventuate. Should this process not result in a favourable outcome for shareholders, management will look to undertake further exploration to enhance results and the underlying value of the asset.

Management's intention is to maintain the project and its tenure and continue to advance the project for the benefit of shareholders. There are no plans to discontinue the project.

## DIRECTOR'S REPORT cont.

### Corporate

#### Significant changes in the state of affairs

During the year the company made the decision not to renew the Skeleton Lake claims or the Werner Lake East/West claims.

#### Significant events after reporting date

On the 13<sup>th</sup> June 2019 the Company announced its intention to acquire Centenario Lithium Ltd (CLL) a company incorporated in Australia which holds 30% interest in Lithium Power international Holdings (Argentina) Pty Ltd (LPIH). LPIH owns via its 100% subsidiary Lithium Power S.A., 100% interest in 7 leases in the Centenario Salar in Northern Argentina. Lithium Power International Ltd (ASX:LPI) is the holder of the other 70% interest in LPIH. Consideration paid is \$25,000 option fee (paid in the 2019 financial year) plus 10,075,000 ordinary fully paid shares in Marquee resources Ltd at a deemed issue price of \$0.10. In addition Class A and Class B Performance Rights each valued at \$1,000,000 will be issued subject to achievement of exploration milestones. The acquisition was completed on the 5<sup>th</sup> September 2019.

A Capital Raising was also conducted in conjunction with the Centenario acquisition which was completed on 5 September 2019. A total of 10 million shares were issued at an issue price of \$0.10, raising \$1 million before costs.

Mr John Daniel Moore was appointed as Non-executive Director on the 5<sup>th</sup> September 2019.

On the 25<sup>th</sup> June 2019 the Company announced the 100% acquisition of Exploration Licence E37/1311, Redlings Rare Earth Project. The sellers consideration was \$10,000 cash (paid in the 2019 financial year) plus 790,817 fully paid ordinary shares in the capital of Marquee Resources Limited. This transaction was finalised and the shares issued on the 12<sup>th</sup> July 2019.

#### Likely developments and expected results

The company continues to review a number of potential resource acquisitions with a particular focus on brownfields exploration and production assets.

#### Environmental regulation

In the course of its normal exploration activities, the Group adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements during the financial year. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Group

#### Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

## DIRECTORS' REPORT cont.

### Remuneration report (Audited)

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Marquee Resources Limited for the financial year ended 30 June 2019. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

### Key Management Personnel

#### Directors

Mr Mark Ashley	Non-Executive Chairman
Mr Charles Thomas	Managing Director
Mr George Henderson	Non-Executive Director
Mr John Daniel Moore	Non-Executive Director (appointed 5 September 2019)

### Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The Board has the authority and responsibility for planning, directing and controlling the activities of the company and the Group, including directors of the company and of the senior management. Compensation levels for directors and senior management of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives.

Remuneration levels are not dependent upon any performance criteria as the Company and the Group are not generating a profit.

### Remuneration committee

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

### Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

### Non-executive director remuneration

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

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The aggregate level (\$250,000) was set at the time of the company's incorporation and has not changed since.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of non-executive directors for the year ended 30 June 2019 is detailed in page 16 of this report.

### Executive director remuneration

Remuneration consists of fixed remuneration and share based payments detailed in the remuneration table.

### Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

## DIRECTORS' REPORT cont.

### Remuneration report (Audited) cont.

#### Use of Remuneration Consultants

The Committee has access to external, independent advice where necessary. No consultants were engaged during the reporting year.

The remuneration of the Company Directors and executives is detailed in page 16 of this report.

#### Voting of shareholders at last year's annual general meeting

The Company received 100% of "Yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

#### Share based payment arrangements

##### Options

In the previous financial year, directors were granted options to purchase ordinary shares at an exercise price determined by the Board with regard to the market value of the shares when it resolved to offer the options.

Each share option converts into one ordinary share of the Company on exercise. No amounts were paid to the Company by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry.

The options vested immediately upon grant. The expiry date of the options is 10/03/2020.

#### Performance Rights

Directors were granted Performance Rights at a shareholders meeting held on 8 June 2018. These Performance Rights were granted to incentivise performance by linking the benefit to the share price of the company.

Each Performance Right is exercisable into a Share for \$0.001 in the event that it vests within 3 years of being granted (8 June 2021). The vesting conditions are as follows:

<b>Class A</b>	The Company achieving a VWAP of \$0.75 over a 20 trading day period
<b>Class B</b>	The Company achieving a VWAP of \$1.00 over a 20 trading day period

The following Directors were granted Performance Rights as follows:

Director	Class A	Class B	Total	Valuation
Charles Thomas	2,500,000	2,500,000	5,000,000	\$1,592,500
Mark Ashley	500,000	500,000	1,000,000	\$318,500
George Henderson	500,000	500,000	1,000,000	\$318,500

Refer to Note 14c for assumptions in valuation.

**DIRECTORS' REPORT cont.****Remuneration report (Audited) cont.****Employment Contracts****Mark Ashley – Non Executive Chairman**

The key terms of Mr Ashley's contract are:

- Chairman Fees of \$60,000 per annum plus statutory superannuation. Any additional consulting work is charged at \$150 per hour (excl GST).
- No termination benefits

**Charles Thomas –Managing Director**

The key employment terms of Mr. Thomas's service contract are:

- Executive Director fee of \$150,000 per annum plus statutory superannuation and approved employment expenses.
- Termination Notice 6 months by either party.

**George Henderson – Non-Executive Director**

The key employment terms of Mr Henderson's contract are:

- Director's fee of \$36,000 per annum plus statutory superannuation and approved employment expenses
- No termination benefits

**John Daniel Moore – Non-executive Director (appointed 5 September 2019)**

The key employment terms of Mr Moore's contract are:

- Director's fee of \$12,000 per annum plus statutory superannuation and approved employment expenses
- No termination benefits

**Key Management Personnel remuneration for the year ended 30 June 2019 and period ended 30 June 2018**

	Short-term employment benefits		Post-employment benefit	Equity Share based payments	Total	Remuneration consisting of SBP%	
	Salary & fees	Bonus	Superannuation				
30 June 2019	\$		\$	\$	\$	\$	%
<b>Directors</b>							
M Ashley	65,844 <sup>(i)</sup>	-	6,241	-	72,085		0
C Thomas	150,000	-	14,250	-	164,250		0
G Henderson	36,000	-	3,420	-	39,420		0
<b>Total</b>	<b>251,844</b>	<b>-</b>	<b>23,911</b>	<b>-</b>	<b>275,755</b>		<b>0</b>

(i) The amount shown for salaries & fees for Mr Ashley includes consulting fee of \$5,844



**DIRECTORS' REPORT cont.****Remuneration report (Audited) cont.**

30 June 2018	Short-term employment benefits		Post-employment benefit	Equity Share based payments	Total	Remuneration consisting of SBP%
	Salary & fees	Bonus	Superannuation			
	\$		\$	\$	\$	%
<b>Directors</b>						
M Ashley	86,452	-	6,270	318,500	411,222	77.45
C Thomas	150,000	-	14,250	1,592,500	1,756,750	90.65
G Henderson (i)	12,857	-	1,221	318,500	332,578	95.77
J Bontempo (ii)	25,459	-	-	-	25,459	0
<b>Total</b>	<b>274,768</b>	<b>-</b>	<b>21,741</b>	<b>2,229,500</b>	<b>2,526,009</b>	<b>88.26</b>

- (i) Appointed 21 February 2018  
(ii) Resigned 21 February 2018

No member of key management personnel appointed during the year received a payment as part of his or her consideration for agreeing to hold the position.

**Bonuses**

No bonuses were granted during the year.

**Shareholdings of Key Management Personnel**

30 June 2019	Balance at beginning of year Number	Granted as remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance at end of year Number
<b>Directors</b>					
Mr Mark Ashley	-	-	-	-	-
Mr Charles Thomas	1,542,500	-	-	(542,500) (i)	1,000,000
Mr George Henderson	10,000	-	-	-	10,000

- (i) Ceased association with GTT Global Opportunities Pty Ltd holding

All equity transactions with key management have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

**Option holdings of Directors**

In the 30 June 2017 financial period, Mark Ashley and Jason Bontempo (former Director) were granted 3 million and one million options respectively (series 1 exercise price \$0.30 with an expiry of 10/03/2020). C Thomas was issued 5 million options (series 2 exercise price \$0.30 with an expiry of 10/03/2020). All options were escrowed until 14/03/2019. See Note 14 for further information

**DIRECTORS' REPORT cont.****Remuneration report (Audited) cont.**

	Balance at beginning of year Number	Granted as remuneratio n Number	Options exercised Number	Net Change Other Number	Balance at end of year Number	Grant Value	Percentage vested
30 June 2019							
<b>Directors</b>							
Mr Mark Ashley Series 1	3,000,000	-	-	-	3,000,000	\$0.1290	100%
Mr Charles Thomas Series 2	5,000,000	-	-	-	5,000,000	\$0.1254	100%
Listed Options Charles Thomas	333,333	-	-	-	333,333	\$0.001	100%
Mr George Henderson	-	-	-	-	-	-	-

**No Options were Exercised during 2019 financial year.**

**Performance Rights holdings of Directors**

	Balance at beginning of year Number	Granted as remuneratio n Number	Options exercised Number	Net Change Other Number	Balance at end of year Number	Grant Value	Percentage vested
30 June 2019							
<b>Directors</b>							
Mr Mark Ashley Class A	500,000	-	-	-	500,000	\$0.331	0%
Class B	500,000	-	-	-	500,000	\$0.306	0%
Mr Charles Thomas Class A	2,500,000	-	-	-	2,500,000	\$0.331	0%
Class B	2,500,000	-	-	-	2,500,000	\$0.306	0%
Mr George Henderson Class A	500,000	-	-	-	500,000	\$0.331	0%
Class B	500,000	-	-	-	500,000	\$0.306	0%

**Other transactions with Key Management Personnel**

Further payments to GTT Ventures Pty Ltd (a company of which Charles Thomas is a Director and shareholder) included the following:

- Consultancy Fees amounting to \$126,000 (ex GST) pursuant to a Consultancy agreement (\$10,500 per month).
- A sub lease for the rental of the office premises in Subiaco is in place with GTT Ventures Pty Ltd. Total rent paid to 30 June 2019 is \$36,000 (ex GST).

Payments to AGH Legal for legal services (a legal firm of which George Henderson is a Partner) amounted to \$6,076 (ex GST).

Payments to Edwards Mac Scovell for legal services (a legal firm of which George Henderson was a Partner until December 2018) amounted to \$20,287 (ex GST)

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

**Loans to Key Management Personnel**

There are no loans to key management personnel.

**End of Audited Remuneration Report**

**DIRECTORS' REPORT cont.****Shares under Option**

Unissued ordinary shares in Marquee Resources Ltd under option at the date of this report are as follows:

	Grant date	Expiry date	Exercise price	Number
Unlisted Options	14/3/2017	10/3/2020	\$0.30	4,000,000
Unlisted Options	22/4/2017	10/3/2020	\$0.30	5,000,000
Listed Options	14/9/2017	30/9/2020	\$0.20	8,000,000
Total under Option				17,000,000

**Directors' Meetings**

The Directors regularly conduct teleconferences on all matters of business and approve transactions/management decisions via Circulating Resolutions regularly on a as is required basis.

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors meetings
Number of meetings held:	3
Number of meetings attended:	
Mr Mark Ashley	3
Mr Charles Thomas	3
Mr George Henderson	3

**Proceedings on behalf of the Company**

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

**Auditor's Independence and Non-Audit Services**

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 13 and forms part of this directors' report for the year ended 30 June 2019.

**Non-Audit Services**

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

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

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

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

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

	2019 \$	2018 \$
<i>Auditor of the parent entity</i>		
Audit or review of the financial statements	34,220	51,412
	34,220	51,412
<i>Taxation and other advisory services</i>		
Taxation	6,180	2,795
Advisory Services	-	-

Signed in accordance with a resolution of the directors.

Dated: 27 September 2019

A handwritten signature in black ink that reads "Charles Thomas". The signature is written in a cursive style with a large initial 'C'.

Charles Thomas  
Managing Director

For personal use only

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF MARQUEE RESOURCES LIMITED

As lead auditor of Marquee Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Marquee Resources Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a light blue horizontal line.

Dean Just  
Director

BDO Audit (WA) Pty Ltd  
Perth, 27 September 2019

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	2018 \$
<b>Continuing operations</b>			
Interest income	2	7,129	25,002
Administrative expenses	2	(582,437)	(885,974)
Staff expenses		(419,870)	(322,700)
Depreciation expense		(5,142)	(2,284)
Exploration impairment	10	(3,017,606)	-
Share Based Payment	14a	(60,500)	(2,548,000)
<b>Loss before income tax expense</b>		<b>(4,078,426)</b>	<b>(3,733,957)</b>
Income tax benefit	3	-	-
<b>Loss after income tax for the year</b>		<b>(4,078,426)</b>	<b>(3,733,957)</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		104,829	30,836
Other comprehensive income/(loss) for the year, net of tax		104,829	30,836
Total comprehensive loss for the year attributable to owners of the parent		(3,973,597)	(3,703,121)
Basic loss per share for the year attributable to the members of Marquee Resources Ltd (cents per share)	5	(9.543)	(13.074)

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** **AS AT 30 JUNE 2019**

	Notes	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	782,086	3,273,437
Trade and other receivables	7	27,133	56,017
Prepayments	8	28,341	26,069
<b>Total current assets</b>		<b>837,560</b>	<b>3,355,523</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	16,916	19,187
Centenario Project		25,000	-
Redlings Project		10,000	-
Deferred exploration and evaluation expenditure	10	4,381,721	5,966,453
<b>Total non-current assets</b>		<b>4,433,637</b>	<b>5,985,640</b>
<b>Total assets</b>		<b>5,271,197</b>	<b>9,341,163</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	89,961	177,791
Accruals	11	36,500	105,537
<b>Total current liabilities</b>		<b>126,461</b>	<b>283,328</b>
<b>Total liabilities</b>		<b>126,461</b>	<b>283,328</b>
<b>Net assets</b>		<b>5,144,736</b>	<b>9,057,835</b>
<b>Equity</b>			
Issued capital	12	10,356,226	10,295,726
Reserves	13	4,126,692	4,021,864
Accumulated losses	13	(9,338,181)	(5,259,755)
<b>Total equity</b>		<b>5,144,736</b>	<b>9,057,835</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019**

Consolidated	Notes	Issued capital \$	Option reserve \$	premium	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated Losses \$	Total equity \$
<b>Balance at 1 July 2017</b>		3,666,204	1,143,000		-	(27,973)	(1,525,798)	3,255,433
Loss for the year		-	-	-	-	-	(3,733,957)	(3,733,957)
Exchange differences arising on translation of foreign operations		-	-	-	-	30,836	-	30,836
<b>Total comprehensive loss for the year</b>		-	-	-	-	30,836	(3,733,957)	(3,703,121)
<i>Transactions with owners in their capacity as owner</i>								
Issue of Shares Placement		2,650,000		-	-	-	-	2,650,000
Issue of shares on acquisition of Canadian CO27 Pty Ltd		4,400,000		-	-	-	-	4,400,000
Share Issue Costs		(420,478)		-	-	-	-	(420,478)
Issue of Options		-	328,000		-	-	-	328,000
Recognition of share-based payments		-	-	2,548,000		-	-	2,548,000
<b>Balance at 30 June 2018</b>		10,295,726	1,471,000	2,548,000		2,863	(5,259,755)	9,057,834
<b>Balance at 1 July 2018</b>		10,295,726	1,471,000	2,548,000		2,863	(5,259,755)	9,057,834
Loss for the year		-	-	-	-	-	(4,078,426)	(4,078,426)
Exchange differences arising on translation of foreign operations		-	-	-	-	104,829	-	104,829
<b>Total comprehensive loss for the year</b>		-	-	-	-	104,829	(4,078,426)	(3,973,597)
<i>Transactions with owners in their capacity as owner</i>								
Issue of Shares (Consultant)		60,500		-	-	-	-	60,500
<b>Balance at 30 June 2019</b>		10,356,226	1,471,000	2,548,000		107,692	(9,338,181)	5,144,736

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes



# **CONSOLIDATED STATEMENT OF CASH FLOWS** **FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(957,537)	(1,093,327)
Interest received		7,129	25,002
<b>Net cash outflows from operating activities</b>	6	<b>(950,408)</b>	<b>(1,068,325)</b>
<b>Cash flows from investing activities</b>			
Exploration and evaluation expenditure		(1,548,287)	(892,922)
Payment for plant and equipment		(2,872)	(14,801)
<b>Net cash outflows from investing activities</b>		<b>(1,551,159)</b>	<b>(907,723)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	2,730,000
Payments for share issue costs		-	(177,518)
<b>Net cash inflows from financing activities</b>		<b>-</b>	<b>2,552,482</b>
Net (decrease)/increase in cash and cash equivalents		(2,501,567)	576,434
Net foreign exchange difference		10,216	-
Cash and cash equivalents at the beginning of the year		3,273,437	2,697,003
<b>Cash and cash equivalents at the end of the year</b>	6	<b>782,086</b>	<b>3,273,437</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

This General Purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

##### *Going Concern*

For the period ended 30 June 2019 the Group made a loss of \$4,078,426 (which includes exploration impairment amount of \$3,017,606) and had cash outflows from operating activities of \$950,408. The ability of the Group to continue as a going concern is dependent on the successful capital raising within the next 6 -12 months. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

- The Group currently has sufficient cash resources to fund its requirements. A Capital Raising was also conducted in conjunction with the Centenario acquisition which was completed on 5 September 2019. A total of 10 million shares were issued at an issue price of \$0.10, raising \$1 million before costs
- The Directors expect a Capital Raising within the next 6 -12 months.

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

##### *Historical Cost Convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

##### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1e.

##### *Functional and presentation currency*

The functional currency of the Group is measured using the currency of the primary economic environment in which the entity operates (United States and Canada), however the financial statements are presented in Australian dollars, which is the economic environment that the parent operates.

#### (b) Adoption of new and revised standards

##### *Standards and Interpretations applicable to 30 June 2019*

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting year.

A number of new or amended standards became applicable for the current reporting period and the Group has changed its accounting policies as a result of the adoption of the following standards:

- AASB 9 *Financial Instruments*; and
- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The impact of these standards, and the other new standards and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.

#### **AASB 9 Financial Instruments – Impact of Adoption**

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 from 1 July 2018 did not give rise to any material transitional adjustments, but has changed the Group's accounting policies in relation to the adoption of AASB 9's new expected credit loss model. Under AASB 9, the Group was required to revise the impairment methodology used in the calculation of its provision for doubtful debts to the expected credit loss model.

#### **Impairment**

From 1 July 2018 the group assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For long term receivables, the ECL is based on either the 12-month or lifetime ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

#### **AASB 15 Revenue from Contract with Customers – Impact of Adoption**

The Group has adopted AASB 15 from 1 July 2018 which has no material impact to the amounts recognised in the financial statements.

#### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019.

#### **AASB 16 Leases**

If a lessee has significant operating leases outstanding at the date of initial application, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments.

This will increase EBITDA as operating leases that were previously expensed will be amortised as a right-of-use asset, and an interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under the existing standard. This trend will reverse in the later years.

There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

The Company has considered this standard and identified there will be minimal impact on the financial statements.

#### **(c) Statement of compliance**

The financial report was authorised for issue by the directors on 27 September 2019. The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.

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

#### (d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Marquee Resources Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the period then ended. Marquee Resources Limited and its subsidiaries are referred to in this financial report as the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

#### (e) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Asset Acquisition:*

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

#### *Share-based payment transactions:*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model. For equity instruments with market based vesting conditions, a Barrier 1 Valuation model is used.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Impairment of exploration expenditure*

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. When assessing impairment of exploration and evaluation assets, the carrying amount of exploration and evaluation is compared to its recoverable amount. The estimated recoverable amount is used to determine the extent of the impairment loss (if any).

As at 30 June 2019 the Directors reviewed the Group's exploration portfolio for indicators of impairment. As a result of this review, the Board made that decision that impairment of exploration expenditure was required in the current year's accounts. Refer to Note 10.

#### **(f) Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable.

#### *Interest income*

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

#### **(g) Segment reporting**

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

#### **(h) Foreign currency translation**

The functional currency of the Group is measured using the currency of the primary economic environment in which the entity operates (United States and Canada), however the financial statements are presented in Australian dollars, which is the economic environment that the parent operates.

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

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the reporting date the assets and liabilities of this subsidiary are translated into the presentation currency of Marquee Resources Limited at the rate of exchange ruling at the reporting date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

#### (i) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### (j) Goods and Services taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (k) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### (l) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### (m) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. Other receivables are recognised at amortised cost less an allowance for expected credit loss.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	3 - 5 years
---------------------	-------------

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

#### *Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the cost of sales line item.

#### *Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

#### (q) Trade and other payables

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

#### (r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### s) Share-based payment transactions

##### *Equity settled transactions*

The Group in a previous financial year provided benefits to employees of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). During the current year, share based payment in the form of Performance Rights were granted to Directors and the Company Secretary. Refer to Note 15c for further information.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Marquee Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share. Refer Note 5.

#### (t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

#### (u) Loss per share

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

Diluted loss per share is calculated as net loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) Exploration and evaluation

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

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

#### (w) Parent entity financial information

The financial information for the parent entity, Marquee Resources Limited, disclosed in Note 18 has been prepared on the same basis as the consolidated financial statements, except as set out below.

##### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the parent entity's financial statements.

#### (x) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date .

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.  
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 2: OTHER INCOME AND EXPENSES**

	2019 \$	2018 \$
<i>Other Income</i>		
Interest income	7,129	25,002
	<u>7,129</u>	<u>25,002</u>
	2019 \$	2018 \$
<i>Administrative Expenses</i>		
Legal Fees	18,533	136,031
Consultancy Fees	144,595	323,173
Travel & Accommodation	47,336	75,366
ASX/ASIC fees	53,498	44,497
Investor Relations	65,917	33,480
Development	9,506	-
Other	243,052	273,427
Total administrative expenses	<u>582,437</u>	<u>885,974</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 3: INCOME TAX

*Income tax recognised in profit or loss*

The major components of tax expense are:

	2019 \$	2018 \$
Current tax expense/(income)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
	-	-

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

	2019 \$	2018 \$
Accounting loss before tax from continuing operations	(4,078,426)	(3,733,957)
Gain before tax from discontinued operations	-	-
Accounting loss before income tax	(4,078,426)	(3,733,957)
Income tax benefit calculated at 30% (2018: 27.5%)	(1,223,528)	(1,026,838)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenditure/(Non-assessable income)	1,126,594	902,259
Difference in overseas tax rates		
Effect of unused tax losses/temporary differences not recognised as deferred tax assets	96,934	124,579
Income tax benefit reported in the consolidated statement of comprehensive income	-	-
Income tax attributable to discontinued operations	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

#### *Unrecognised deferred tax assets*

Deferred tax assets have not been recognised in respect of the following items:

	2019 \$	2018 \$
Tax losses – revenue	406,631	204,251
Tax losses – capital	-	-
Deductible temporary differences	73,780	79,898
	480,411	284,149

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 4: SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of performance is more specifically focused on the exploration and development of mineral resource projects. The Group's reportable segments under AASB8 are therefore as follows:

- Exploration and evaluation - Nevada
- Exploration and evaluation - Canada
- Other sector

Exploration and evaluation – Nevada refers to the Clayton Valley Project Exploration licenses (EL's) held in Nevada USA. The Group holds a 100% interest in these licences through Sovereign Gold Nevada Inc, a wholly owned subsidiary of Marquee Resources Limited.

Exploration and evaluation – Canada refers to three projects in Canada, Werner Lake, Werner Lake East /West and Skeleton Lake. Refer to review of operations in the Director's Report for further information.

The other sector relates to head office operations, including cash management. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

#### Segment information

The following table presents revenue and profit information and certain asset and liability information regarding business segments for the period ended 30 June 2019 and 30 June 2018

	Exploration and Evaluation – Canada \$	Exploration and Evaluation – Nevada USA \$	Other \$	Consolidated \$
30 June 2019				
<b>Revenue</b>				
Total segment revenue	-	-	7,129	7,129
<b>Segment results</b>				
Segment Result	(3,035,459) <sup>(i)</sup>	-	(1,042,967)	(4,078,426)
<b>Segment assets</b>				
Segment assets	3,551,943 <sup>(i)</sup>	984,452	734,802	5,271,197
<b>Segment liabilities</b>				
Segment liabilities	20,885		105,576	126,461
(i)	Includes \$1.58 million relating to the issue of 11 million shares to the sellers of Canadian CO27 Pty Ltd and accompanying projects. This has been impaired by 64.1% from the previous financial year (2018 \$4,400,000)			
<b>Cash flow information</b>				
Net cash flow from operating activities	(17,853)	-	(932,555)	(950,408)
Net cash flow from investing activities	(1,390,761)	(112,310)	(48,088)	(1,551,159)
Net cash flow from financing activities	-	-	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**Note 4 Segment Reporting cont.**

30 June 2018	Exploration and Evaluation – Canada \$	Exploration and Evaluation – Nevada USA \$	Other \$	Consolidated \$
<b>Revenue</b>				
Total segment revenue	-	-	25,002	25,002
<b>Segment results</b>				
Segment Result	(4,174)	-	(3,729,783)	(3,733,957)
<b>Segment assets</b>				
Segment assets	5,267,275 <sup>(i)</sup>	872,142	3,201,746	9,341,163
<b>Segment liabilities</b>				
Segment liabilities	161,378	-	121,950	283,328
(i) Includes \$4.4 million relating to the issue of 11 million shares to the sellers of Canadian CO27 Pty Ltd and accompanying projects				
<b>Cash flow information</b>				
Net cash flow from operating activities	(4,174)	-	(1,064,151)	(1,068,325)
Net cash flow from investing activities	(614,774)	(278,148)	(14,801)	(907,723)
Net cash flow from financing activities	-	-	2,552,482	2,552,482

**NOTE 5: LOSS PER SHARE**

	2019 Cents per share	2018 Cents per share
<i>Basic loss per share</i>		
Continuing operations	(9.543)	(13.074)
	2019	2018
<i>Diluted loss per share</i>	Cents per share	Cents per share
Continuing operations	(9.543)	(13.074)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

## Note 5. Loss per share cont.

### Basic loss per share

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

	2019 \$	2018 \$
Loss	(4,078,426)	(3,733,957)
Loss from continuing operations	(4,078,426)	(3,733,957)

	2019 Number	2018 Number
Weighted average number of ordinary shares for Basic earnings per share	42,738,601	28,560,578
Diluted earnings per share	42,738,601	28,560,578

The Company's potential ordinary shares, being its options and performance rights granted, are not considered dilutive as the conversion to these would result in a decrease in the net loss per share.

## NOTE 6: CASH AND CASH EQUIVALENTS

	2019 \$	2018 \$
Cash at bank and on hand	782,086	3,273,437

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

### Reconciliation of loss for the year to net cash flows from operating activities

	2019 \$	2018 \$
Loss for the period	(4,078,426)	(3,733,957)
Depreciation and amortisation	5,143	2,284
Other non-cash items	18,949	(74,497)
Exploration impairment	3,017,606	30,836
Share based payment	60,500	2,548,000
(Increase)/decrease in assets:		
Trade and other receivables	28,884	(52)
Other current assets	(2,272)	(1,761)
Increase/(decrease) in liabilities:		
Trade and other payables	(792)	160,821
Net cash from operating activities	(950,408)	(1,068,325)

### Non-Cash Investing Activity

Issue of shares to acquire asset	-	4,400,000
	-	4,400,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 7: TRADE AND OTHER RECEIVABLES

	2019 \$	2018 \$
Other receivables	-	11,180
GST/HST receivables	27,133	44,837
	<u>27,133</u>	<u>56,017</u>

## NOTE 8: PREPAYMENTS AND OTHER FINANCIAL ASSETS

	2019 \$	2018 \$
<i>Current</i>		
Prepayments – D&O Insurance/ directors fees	28,341	26,069

## NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2019 Consolidated Plant and equipment \$	2018 Consolidated Plant and equipment \$
<i>Gross carrying amount</i>		
Open Balance	21,515	6,714
Additions	2,872	14,801
Disposals	-	-
Balance at 30 June	<u>24,387</u>	<u>21,515</u>
<i>Accumulated depreciation and impairment</i>		
Open Balance	2,328	44
Depreciation expense	5,143	2,284
Disposals	-	-
Balance at 30 June	<u>7,471</u>	<u>2,328</u>
<i>Carrying value</i>		
30 June	<u>16,916</u>	<u>19,187</u>

The useful life of the assets was estimated as follows for 2018:

Plant and equipment 3 years



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.****FOR THE YEAR ENDED 30 JUNE 2019****NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

	2019 \$	2018 \$
Costs carried forward in respect of:		
<i>Exploration and evaluation phase – at cost</i>		
Balance at beginning of period	5,966,453	593,994
Asset acquired	-	4,797,206
Exploration expenditure	1,409,321	576,384
Foreign Exchange	23,553	(1,131)
Impaired exploration expenditure (i)	(3,017,606)	-
Total exploration and evaluation expenditure	4,381,721	5,966,453

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

(i) The exploration assets satisfy AASB 6 and remain as exploration assets in the statement of financial position. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas. The Board undertook a review of all Exploration and Evaluation assets and agreed to fully impair the carrying financial value of Skeleton Lake and the Werner Lake east/west project. The Exploration licences in these areas will not be renewed and as such the estimate recoverable amount was deemed to be nil. The total impairment for the year as a result amounted to \$3,017,606.

**NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)**

	2019 \$	2018 \$
Trade payables (i)	26,415	129,446
Credit Card	1,863	2,656
Accruals	36,500	105,537
Payroll provisions/payables	61,683	45,689
	126,461	283,328

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

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 15.

**NOTE 12: ISSUED CAPITAL**

	Number	2019 \$	Number	2018 \$
Ordinary shares issued and fully paid	42,744,284	10,356,226	42,571,428	10,295,726
Treasury Shares – MQR Shareholding Trust (i)			(6,564,683)	(2,625,873)
<b>Total</b>	<b>42,744,284</b>	<b>10,356,226</b>	<b>36,006,745</b>	<b>7,669,853</b>

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

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

(i) A wholly owned subsidiary, MQR Shareholding Co. Pty Ltd was established as the trustee for the MQR Shareholding Trust on 14 March 2018 to hold MQR ordinary shares issued as part of the share consideration for the acquisition of Canadian CO27 Pty Ltd in escrow for the benefit of Syracuse Capital Pty Ltd. The escrow period expired 14 March 2019 and the transfer of ordinary shares is subject to shareholder approval which was obtained at the Shareholders Meeting held 8 June 2018.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

## Movement in ordinary shares on issue

	2019		2018	
	Number	\$	Number	\$
Balance at beginning of year	42,571,428	10,295,726	24,000,000	3,666,204
Share based payment	172,856	60,500		
CO27 acquisition shares			11,000,000	4,400,000
Placement tranche 1 and tranche 2			7,571,428	2,650,000
Capital Raising Costs			-	(420,478)
Balance at end of year	42,744,284	10,356,226	42,571,428	10,295,726

## Share options

The Company during the current financial period made an equity-based payment as follows. Refer to Note 14.

	2019		2018	
	Number	\$	Number	\$
Balance at beginning of year	22,785,714	1,471,000	9,000,000	1,143,000
Entitlement Issue of Options Sep 2017	-	-	8,000,000	80,000
Broker Options in lieu of fees June 2018	-	-	2,000,000	248,000
Free attaching options to Placement June 2018	-	-	3,785,714	-
Expired Options June 2019	(5,785,714)	(248,000)	-	-
Balance at end of year	17,000,000	1,223,000	22,785,714	1,471,000

## Performance Rights

The Company during the previous financial year granted 8 million Performance Rights to Directors and Company Secretary.

	2019		2018	
	Number	\$	Number	\$
Balance at beginning of year	8,000,000	2,548,000	-	-
Performance Rights Granted 18 June 2018			-	-
Class A			4,000,000	1,324,000
Class B			4,000,000	1,224,000
Balance at end of year	8,000,000	2,548,000	8,000,000	2,548,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 13: RESERVES AND ACCUMULATED LOSSES

### Reserves

Movements in reserves were as follows:

	Option premium reserve	Equity based payment reserve	Foreign currency translation reserve	Total
2019	\$	\$	\$	\$
Balance at beginning of year	1,471,000	2,548,000	2,863	4,021,864
Equity based payment shares	-	-	-	-
Equity based payment (performance rights)	-	-	-	-
Currency translation differences	-	-	104,829	104,829
Balance at end of year	1,471,000	2,548,000	107,692	4,126,692

Movements in reserves were as follows:

	Option premium reserve	Equity based payment reserve	Foreign currency translation reserve	Total
2018	\$	\$	\$	\$
Balance at beginning of year	1,143,000	-	(27,973)	1,115,027
Equity based payment (options)	328,000	-	-	328,000
Equity based payment (performance rights)	-	2,548,000	-	2,548,000
Currency translation differences	-	-	30,836	30,837
Balance at end of year	1,471,000	2,548,000	2,863	4,021,864

### Nature and purpose of reserves

#### Share based payment and option premium reserve

The share based payment reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. The option premium reserve arises on the grant of share options for consideration.

#### Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

### Accumulated Losses

Movements in accumulated losses were as follows:

	2019 \$	2018 \$
Balance at beginning of period	(5,259,755)	(1,525,798)
Net loss for the period	(4,078,426)	(3,733,957)
Balance at end of period	(9,338,181)	(5,259,755)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 14: SHARE BASED PAYMENT PLANS

#### 14.a Expenses arising from share based payments

There were no expenses arising from share based payments transactions recognised during the period as part of employee benefit expense. The share based payment to consultants were recognised as follows:

	2019 \$	2018 \$
Performance Rights Issued to Director and Company Sec (See Note 14c)	-	2,548,000
Total share based payments	-	2,548,000
Options issued to brokers, offset to equity (i)	-	248,000
Shares issued to consultants in lieu of fees, offset to equity (ii)	60,500	-

- (i) A total of 2 million options were issued as means to remunerate Brokers for services provided to the Company in relation to the Placement that took place in March 2018 (tranche 1) and June 2018 (tranche 2).
- (ii) A total of 172,856 fully paid ordinary shares were issued to consultants of the Company in lieu of fees in July 2018

#### 14.b Employee Share Options

Options issued to Directors are not issued under an Employee Share Option Plan and are subject to approval by shareholders.

The following share-based payment arrangements were in place during the current year:

Series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
<b>Directors</b>					
1. Options issued 14/3/2017	4,000,000	14/3/2017	10/3/2020	\$0.30	\$0.1290
2 Options issued 16/6/2017	5,000,000	22/4/2017	10/3/2020	\$0.30	\$0.1254

The fair value of the unlisted options was determined using the Black Scholes Method. Inputs used to determine the valuation were:

Series 1	Series
Number of Options: 4,000,000	Number of Options: 5,000,000
Share Price: \$0.20	Share Price: \$0.20
Exercise Price: \$0.30	Exercise Price: \$0.30
Expected Volatility: 120%	Expected Volatility: 120%
Expiry date (years): 3	Expiry date (years): 2.8
Expected dividend yield: nil	Expected dividend yield: nil
Risk free rate: 1.91%	Risk free rate: 1.91%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The following table illustrates the number and weighted average exercise prices of, and movements in, share options on issue during the 2019 and 2018 periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

Note 14: Share Payment Plans cont.

	2019		2018	
	Weighted average exercise price		Weighted average exercise price	
	Number	\$	Number	\$
Outstanding at the beginning of period	9,000,000	\$0.30	9,000,000	-
Granted during the period	-	-	-	\$0.30
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of period	9,000,000	\$0.30	9,000,000	\$0.30
Vested and exercisable at the end of period	9,000,000	-	9,000,000	-

No options expired during the periods covered by the above tables.

The weighted average remaining contractual life of share-based payment options that were outstanding at 30 June 2019 was 0.69 years (2018: 1.86 years)

No options were exercised during the period.

## 14.c Performance Rights

Performance Rights issued to Directors and the Company Secretary were approved by shareholders (8 June 2018).

The following Performance Rights were in place during the current period:

Series	Number	Grant date	Expiry date	Vesting (20 day VWAP)	Hurdle	Fair value
<b>Directors/Company Secretary</b>						
1. Class A Performance Rights	4,000,000	08/06/2018	01/05/2021	\$0.75		\$0.331
2. Class B Performance Rights	4,000,000	08/06/2018	01/05/2021	\$1.00		\$0.306

The weighted average remaining contractual life of performance rights that were outstanding at 30 June 2019 was 1.94 years (2018: 2.94).

In the previous financial year the Company engaged an expert to determine a value for the Performance Rights using the *Barrier1* valuation model developed by Hoadley Trading & Investment Tools, which uses a trinomial lattice calculation. Inputs to determine the valuation are as follows:

Item	Class A	Class B
Valuation date	08/06/2018	08/06/2018
Spot price	\$0.385	\$0.385
Exercise price	\$0.001	\$0.001
Vesting hurdle (20-day VWAP)	\$0.75	\$1.00
Expiry date	08/06/2021	08/06/2021
Expected future volatility	100%	100%
Risk free rate	2.23%	2.23%
Dividend yield	Nil	Nil

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 15: FINANCIAL INSTRUMENTS

#### *Capital risk management*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents (no debt) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, and general administrative outgoings.

#### *Categories of financial instruments*

	2019 \$	2018 \$
<b>Financial assets</b>		
Cash and cash equivalents	782,086	3,273,437
Receivables	27,133	56,017
<b>Financial liabilities</b>		
Trade and other payables	126,461	283,328

#### *Financial risk management objectives*

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

#### *Market risk*

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

#### *Liquidity Risk*

Management monitors rolling forecasts of the Group's cash reserves on the basis of expected cash flows. The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to pay debts as and when they become due and payable

#### *Foreign Exchange Risk*

The consolidated group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the relevant group company. The consolidated group's borrowings and deposits are largely denominated in US dollars. Currently there are no foreign exchange hedge programmes in place. However, the consolidated group treasury function manages the purchase of foreign currency to meet operational requirements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 15: FINANCIAL INSTRUMENTS cont.

As at 30 June 2019 the consolidated group's net exposure to foreign exchange risk was as follows:

	Currency	2019 \$000s	2018 \$000s
<b>Functional currency of individual entity: AUD</b>			
<b>Net Foreign Currency Financial Assets</b>			
Cash & cash equivalents	CAD	135	157

The effect of a 10% strengthening of the CAD against the AUD at the reporting date on the CAD-denominated assets carried within the AUD functional currency entity would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of AUD 14,701 (2018: 14,688)

#### Interest rate risk management

The Group's exposures to interest rates on financial assets and financial liabilities are confined to variable interest rates on its cash holdings of \$782,086 at reporting date.

#### Interest rate risk sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the impact on the net loss and equity would be:

Net loss would decrease by \$3,910 and equity would increase by \$3,910

#### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

#### Fair Values

The carrying amount of the Group's financial assets and liabilities approximates their carrying amounts at reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE PERIOD ENDED 30 JUNE 2019

### NOTE 16: COMMITMENTS AND CONTINGENCIES

#### a) USA minerals exploration program

As at 30 June 2019, Sovereign Gold Nevada Inc (100% subsidiary of Marquee Resources) held Exploration licences in Nevada USA. The annual financial commitment is as follows;

Licence	Annual Commitment
106 Claims Nevada	\$29,798 (USD 20,897)
	\$29,798

#### b) Canada minerals exploration program

Project	Annual Commitment
Werner Lake Project	Year 1 - A\$1,000,000 to earn 30% interest in the Project (Completed) Year 2 – A\$1,500,000 to earn additional 40% interest in the Project at the option of Marquee Resources Ltd

#### c) Operating lease commitments

Marquee Resources Limited has entered into a two year lease arrangement commencing March 2019, at \$3,000 per month including outgoings.

#### d) Contingent Liability

##### Deferred Consideration

- the company has an obligation under the Share Sale Deed with **Force Commodities Ltd** (previously Sovereign Gold Company Ltd) to issue 35,000,000 fully paid MQR shares or \$175,000 upon confirmation of JORC Code compliant inferred lithium carbonate resource of at least 300,000 tonnes on the Clayton Valley Claims. The Company considers this target is still unlikely and therefore this deferred consideration has not been reflected in the financial statements.
- the company has a deferred consideration under the share purchase agreement to the sellers of **Canadian CO27 Pty Ltd** of a 1.5% net royalty smelter on Werner Lake. The Company considers this target is still unlikely and therefore this deferred consideration has not been reflected in the financial statements.
- the company has a deferred consideration under the Project Agreement - Werner Lake with **GEMC** whereby on determining an encouraging pre-feasibility study according to commercially reasonable standards, A\$150,000 in cash. In addition, a 2% net smelter royalty on the Project payable to previous owner. The Company considers this target is still unlikely and therefore this deferred consideration has not been reflected in the financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE PERIOD ENDED 30 JUNE 2019

### NOTE 17: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Marquee Resources Limited and the subsidiaries listed in the following table. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

		2019 %	2018 %
Country of incorporation			
Parent Entity			
Marquee Resources Limited	Australia		
Subsidiaries			
Sovereign Gold Nevada Inc (held 100% by Marquee Resources Nevada Pty Ltd)	USA	100	100
Marquee Resources Nevada Pty Ltd (i)	Australia	100	100
Canadian CO27 Pty Ltd (ii)	Australia	100	100
Marquee Resources Canada Ltd	Canada	100	100
MQR Shareholding Co. Pty Ltd (iii)	Australia	100	100

Marquee Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

- (i) Marquee Resource Nevada Pty Ltd was incorporated to hold the 100% shares in Sovereign Gold Nevada Inc. No transactions or activities have occurred in Marquee Resources Nevada Pty Ltd during the current financial period.
- (ii) Marquee Resources acquired 100% of the issued capital of Canadian CO27 Pty Ltd, the party that holds the three Project Agreements (Werner Lake, Werner Lake East/West and Skeleton Lake).
- (iii) A wholly owned subsidiary, MQR Shareholding Co. Pty Ltd was established as the trustee for the MQR Shareholding Trust on 14 March 2018 to hold MQR ordinary shares issued as part of the share consideration for the acquisition of Canadian CO27 Pty Ltd in escrow for the benefit of Syracuse Capital Pty Ltd. The escrow period expired 14 March 2019 and the transfer of ordinary shares which was subject to shareholder approval and was obtained at the Shareholders Meeting held 8 June 2018. The transfer of shares has occurred. MQR Shareholding Co Pty Ltd has subsequently been de-registered.

### Key Management Personnel Remuneration

#### Transactions with Key Management Personnel

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. Total remuneration paid to key management personnel is as follows:

	2019 \$	2018 \$
Remuneration type		
Short- term employee benefits	251,844	274,768
Post-employment benefits	23,911	21,742
Non-monetary benefit	-	2,229,500
Total	275,755	2,526,010

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.****FOR THE PERIOD ENDED 30 JUNE 2019****NOTE 17: RELATED PARTY DISCLOSURE cont.**

Further payments to GTT Ventures Pty Ltd (a company of which Charles Thomas is a Director and shareholder) included the following:

- Consultancy Fees amounting to \$126,000 (ex GST) pursuant to a Consultancy agreement (\$10,500 per month).
- A sub lease for the rental of the office premises in Subiaco is in place with GTT Ventures Pty Ltd. Total rent paid to 30 June 2019 is \$36,000 (ex GST).

Payments to AGH Legal for legal services (a legal firm of which George Henderson is a Partner) amounted to \$6,076 (ex GST).

Payments to Edwards Mac Scovell for legal services (a legal firm of which George Henderson was a Partner until December 2018) amounted to \$20,287 (ex GST)

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

*Loans to Key Management Personnel*

There were no loans to Key Management Personnel.

*Other transactions and balances with Key Management Personnel*

Nil

**NOTE 18: PARENT ENTITY DISCLOSURES***Financial position*

	2019 \$	2018 \$
<b>Assets</b>		
Current assets	682,886	3,182,559
Non-current assets	4,481,761 <sup>(i)</sup>	5,998,537 <sup>(i)</sup>
<b>Total assets</b>	<b>5,164,647</b>	<b>9,181,096</b>
<b>Liabilities</b>		
Current liabilities	105,576	121,950
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>105,576</b>	<b>121,950</b>
<b>Equity</b>		
Issued capital	10,356,226	10,295,726
Reserves		
• Option premium reserve	1,471,000	1,471,000
• Equity settled employee benefits	2,548,000	2,548,000
Accumulated losses	(9,316,154)	(5,255,581)
<b>Total equity</b>	<b>5,059,072</b>	<b>9,059,145</b>

*Financial performance*

	2019 \$	2018 \$
Loss for the period	(4,060,573)	(3,729,783)
Other comprehensive loss	-	-
<b>Total comprehensive loss</b>	<b>(4,060,573)</b>	<b>(3,729,783)</b>

- (i) Includes acquisition cost (impaired by 64.1 % in the current year) of 100% issued capital of Canadian CO27 Pty Ltd (\$1,579,600) and Werner Lake project \$200,000

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

Marquee Resources Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries during the period ended 30 June 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont. FOR THE PERIOD ENDED 30 JUNE 2019

### NOTE 19: EVENTS AFTER THE REPORTING PERIOD

On the 13<sup>th</sup> June 2019 the Company announced its intention to acquire Centenario Lithium Ltd (CLL) a company incorporated in Australia which holds 30% interest in Lithium Power international Holdings (Argentina) Pty Ltd (LPIH). LPIH owns via its 100% subsidiary Lithium Power S.A., 100% interest in 7 leases in the Centenario Salar in Northern Argentina. Lithium Power International Ltd (ASX:LPI) is the holder of the other 70% interest in LPIH. Consideration paid is \$25,000 option fee (paid in 2019 financial year) plus 10,075,000 ordinary fully paid shares in Marquee resources Ltd at a deemed issue price of \$0.10. In addition Class A and Class B Performance Rights each valued at \$1,000,000 will be issued subject to achievement of exploration milestones. The acquisition was completed on the 5<sup>th</sup> September 2019.

A Capital Raising was also conducted in conjunction with the Centenario acquisition which was completed on 5 September 2019. A total of 10 million shares were issued at an issue price of \$0.10, raising \$1 million before costs.

Mr John Daniel Moore was appointed as Non-executive Director on the 5<sup>th</sup> September 2019.

On the 25<sup>th</sup> June 2019 the Company announced the 100% acquisition of Exploration Licence E37/1311, Redlings Rare Earth Project. The sellers consideration was \$10,000 cash (paid in the 2019 financial year) plus 790,817 fully paid ordinary shares in the capital of Marquee Resources Limited. This transaction was finalised and the share issued on the 12<sup>th</sup> July 2019.

### NOTE 20: AUDITOR'S REMUNERATION

The auditor of Marquee Resources Limited is BDO Audit (WA) Pty Ltd . The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

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

	2019	2018
	\$	\$
<i>Auditor of the parent entity</i>		
Audit or review of the financial statements	34,220	51,412
	34,220	51,412
<i>Taxation and other advisory services</i>		
Taxation	6,180	2,795
Advisory Services	-	-

**DIRECTORS' DECLARATION**

1. In the opinion of the directors of Marquee Resources Limited (the 'Company'):
  - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

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



Charles Thomas  
Managing Director

Dated 27 September 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of Marquee Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Marquee Resources Limited (the Company) and its subsidiaries (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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

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

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

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

#### Material uncertainty related to going concern

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

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Accounting for Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
<p>At 30 June 2019, the Group held a significant carrying value of Exploration and Evaluation Assets as disclosed in Note 10.</p> <p>As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> <li>• Whether the conditions for capitalisation are satisfied;</li> <li>• Which elements of exploration and evaluation expenditures qualify for recognition;</li> <li>• Recognition and valuation of purchase consideration for tenement acquisitions; and</li> <li>• Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;</li> <li>• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;</li> <li>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• Verifying, on a sample basis, evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;</li> <li>• Considering whether any facts or circumstances existed to suggest impairment testing was required;</li> <li>• Reviewing the basis of impairment recorded by management and the methodology used to determine the fair value for compliance with the relevant accounting standards; and</li> <li>• We also assessed the adequacy of the related disclosures in Note 1(e), Note 1(v) and Note 10 to the financial report.</li> </ul>

## Other information

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

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

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

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

## Responsibilities of the directors for the Financial Report

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

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Marquee Resources Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

### Responsibilities

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

BDO Audit (WA) Pty Ltd

The BDO logo is displayed above a handwritten signature in black ink.

Dean Just  
Director

Perth, 27 September 2019



## CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance disclosure is available on the Company's website at:  
[www.marqueeresources.com.au](http://www.marqueeresources.com.au)

For personal use only

**ADDITIONAL SECURITIES EXCHANGE INFORMATION****ASX additional information as at 22 September 2019****Number of holders of equity securities**Ordinary share capital

63,610,102 fully paid ordinary shares are held by 517 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

8 million listed options exercise price \$0.20 expiry 30/09/2020

9 million unlisted options exercise price \$0.30 expiry 10/03/2020

Performance Rights

4 million Class A Performance Rights (vesting hurdle VWAP \$0.75)

4 million Class B Performance Rights (vesting hurdle VWAP \$1.00)

**Distribution of holders of equity securities**

	<b>Number of holders</b>	<b>Fully paid ordinary shares</b>	<b>Number of holders Listed Options</b>	<b>Number of holders Unlisted escrowed Options</b>
1 – 1,000	40	4,083	4	-
1,001 – 5,000	71	214,736	12	-
5,001 – 10,000	63	544,737	11	-
10,001 – 100,000	220	10,297,349	36	-
100,001 and over	123	52,549,197	20	3
	<b>517</b>	<b>52,549,197</b>	<b>83</b>	<b>3</b>

Holding less than a  
marketable parcel

**122**

**Substantial shareholders**

	<b>Fully paid ordinary shares % held</b>	<b>Number</b>
<b>Ordinary shareholders</b>		
Syracuse Capital Pty Ltd and associated entities	10.44	6,639,430

**Twenty largest holders of quoted equity securities**

<b>Ordinary shareholders</b>	<b>Fully paid ordinary shares</b>	
	<b>Number</b>	<b>Percentage</b>
Syracuse Capital PL	6,639,430	10.44%
Jindabyne Cap PL	1,925,000	3.03%
Ilwella Pty Ltd	1,500,000	2.36%
Farris Corporation Pty Ltd	1,425,000	2.24%
Traditional Securities Group Pty Ltd	1,250,000	1.97%
Tribeca Nominees PL	1,150,000	1.81%
BNP Paribas Nominees Pty Ltd	1,065,000	1.67%
Robbie Hunt Pty Ltd	1,000,000	1.57%
Ilwella Pty Ltd	1,000,000	1.57%
Mounts Bay Investments Pty Ltd	1,000,000	1.57%
Kcirtap Securities Pty Ltd	1,000,000	1.57%
Murdoch Capital Pty Ltd	1,000,000	1.57%
Margaret Julie Williams	950,000	1.49%
BNP Paribas Nominees Pty Ltd	820,904	1.29%
Blue Trader Holdings Pty Ltd	750,000	1.18%
Vanavo Pty Ltd	750,000	1.18%
Limits Pty Ltd	750,000	1.18%
PG Binet Pty Ltd	686,604	1.08%
Rigi Investment Pty Ltd	650,000	1.02%
SL & FJ Phillips	630,346	0.99%
	<b>25,942,284</b>	<b>40.78%</b>

**Company Secretary**

Mrs Anna MacKintosh

**On-market buy-back**

Currently there is no on-market buy-back of the Company's securities

**Registered and principal office**22 Townshend Road  
Subiaco WA 6008**Share registry**

Security Transfer Registry

**TENEMENT SCHEDULE**

As at 27 September 2019

Tenements held by Marquee Resources and subsidiary companies.

TENEMENT	LOCATION	NAME	INTEREST
CVE 1	Nevada USA	Clayton Valley	100%
CVE 3-4	Nevada USA	Clayton Valley	100%
CVE 8-17	Nevada USA	Clayton Valley	100%
CVE19-75	Nevada USA	Clayton Valley	100%
CVE 81-82	Nevada USA	Clayton Valley	100%
CVE 84	Nevada USA	Clayton Valley	100%
CVE 86-102	Nevada USA	Clayton Valley	100%
CVE 119-126	Nevada USA	Clayton Valley	100%
CVE 143 – 150	Nevada USA	Clayton Valley	100%
KRL 98381-83	Kenora, Ontario	Werner Lake	30%
9385-87, 19096/97	Kenora, Ontario	Werner Lake	30%
19107-12	Kenora, Ontario	Werner Lake	30%
29054/55, 29058-76	Kenora, Ontario	Werner Lake	30%
30055 -58, 31229	Kenora, Ontario	Werner Lake	30%
31373/74, 31823-28	Kenora, Ontario	Werner Lake	30%
33170-72, 33175-96	Kenora, Ontario	Werner Lake	30%
33198 -212, 33240	Kenora, Ontario	Werner Lake	30%
33270/1, 33280-84	Kenora, Ontario	Werner Lake	30%
33328-33, 33416	Kenora, Ontario	Werner Lake	30%
33419, 33421-23	Kenora, Ontario	Werner Lake	30%
36272, 33173-4	Kenora, Ontario	Werner Lake	30%
10661	Kenora, Ontario	Werner Lake	30%
12128	Kenora, Ontario	Werner Lake	30%
12246 -12247	Kenora, Ontario	Werner Lake	30%
12501	Kenora, Ontario	Werner Lake	30%
13150 - 13151	Kenora, Ontario	Werner Lake	30%
13283 - 13284	Kenora, Ontario	Werner Lake	30%
13292	Kenora, Ontario	Werner Lake	30%
<b>Total Number of Claims</b>	<b>389</b>		