For personal use only

FENIX RESOURCES LIMITED

(previously Emergent Resources Limited)

ABN 68 125 323 622

Annual Report
For the Year Ended 30 June 2018

Fenix Resources Limited
ABN 68 125 323 622

Annual Report - Contents Page

For personal use only

	Page
Corporate Directory	1
Review of Operations	2
Directors' Report	8-14
Auditor's Independence Statement	15
Statement of Profit or Loss and Other Comprehensive Income	16
Statement of Financial Position	17
Statement of Changes in Equity	18
Statement of Cash Flows	19
Notes to the Financial Statements	21-41
Directors' Declaration	42
Independent Audit Report	43-45
Additional ASX Information	46-47

Fenix Resources Limited
ABN 68 125 323 622

Corporate Directory

Directors

Bevan Tarratt	(Non-executive Chairman) Appointed as Chairman 29 August 2018
Edmond Yao	(Non-Executive Director) Resigned as Chairman 29 August 2018
Jian-Hua Sang	(Non-Executive Director)
Petar Tomasevic	(Non-Executive Director) Appointed 2 November 2017
Rob Brierley	(Non-Executive Director) Appointed 1 June 2018

Company Secretary

Matthew Foy	(Company Secretary)

Principal and Registered Office
Unit 5, Ground Floor
1 Centro Avenue
Subiaco WA 6008
Web www.fenixresources.com.au

Auditor
Grant Thornton Audit Pty Ltd
Central Park
Level 43, 152-158 St Georges Terrace
Perth WA 6000
Australia

Share Registry
Automic Registry Services
Level 2, 267 St Georges Terrace
Perth, WA 6000

Stock Exchange Listing
The Company's shares are quoted on the Australian Securities Exchange. The home exchange is Perth, Western Australia.

ASX Code
FEX (previously EMG) – Ordinary shares

Company Information
The Company was incorporated and registered under the Corporations Act 2001 in Western Australia on 9 May 2007 and became a public company on 4 August 2008.

The Company is domiciled in Australia.

For personal use only

REVIEW OF OPERATIONS

The year represented a period of review and consolidation for Fenix Resources Limited (previously named Emergent Resources Limited) (**FEX** or the **Company**), culminating in the announcement by the Company to acquire the Iron Ridge Project in Western Australia.

Prometheus Mining Pty Ltd

On 7 May 2018, the Company announced that it had entered into a binding term sheet (**Acquisition Agreement**) to purchase the issued capital in Prometheus Mining Pty Ltd (**PML**) (**Acquisition**). PML owns 100% of the Iron Ridge Project comprising mining lease M20/118 (**Tenement**) (the **Project**).

The Project offers a potential near term low capex development opportunity which aims to satisfy burgeoning demand for high grade, low impurity iron ore.

The Iron Ridge Project consists of the Tenement located approximately 600 km north-northeast of Perth and approximately 67km northwest of the township of Cue in the Murchison region of Western Australia. The Tenement has an existing ministerial approval to work and mine for iron ore and has historically been mined for micaceous iron oxide (pigment).

The Iron Ridge Project comprises two areas of mapped hematite mineralisation hosted within a banded iron-formation (BIF) which contains a high grade (64.1% Fe) Inferred Mineral Resource estimate of 5 million tonnes (Mt) with low to acceptable deleterious elements at a cut-off grade of 50% Fe (Table 1). CSA Global reported the Mineral Resource in accordance with the JORC Code (2012) in April 2018.

Table 1: Iron Ridge Mineral Resource

Prospect	Category	Tonnes (Mt)	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
Iron Ridge	Inferred	5.0	64.1	3.3	2.7	0.05	1.6

The most recent exploration was completed by Atlas Iron Limited (Atlas) in 2009 who delineated and reported an Inferred Mineral Resource estimate based on a 50% Fe cut-off grade. The Mineral Resource was defined on 14 reverse circulation percussion (RCP) drillholes totalling 1,131 m on a variable 50–100 m x 10–25 m drill spacing grid over a strike length of 600 m to a depth of approximately 70–80 m from surface. Previous drilling by other companies included diamond drilling (1962), vacuum drilling (1973) and RCP (1995), although the results from these earlier holes were only used to guide interpretation.

The Tenement is the subject of two royalty agreements. The royalty agreements provide for the payment of a royalty of $1.00 per tonne of iron ore sold from the Tenement (capped at $10,000,000) and an additional royalty of $0.50 per tonne of iron ore sold from the Tenement.

CSA Global completed an Exploration Target to quantify the upside exploration potential of the Project. The quantum of this Target is summarised in Table 2. The ranges of tonnes and ranges of grade described in Table 2 are in addition to the existing declared Inferred Mineral Resource of 5 Mt.

Table 2: Iron Ridge Exploration Target

BIF Unit	Mineralisation	Tonnage (Mt)	Grade (% Fe)
Main BIF	Hematite	0.6–7.1	64.1–65.3
Little BIF 1/2	Goethite	0.1–5.5	58.0–59.5
Total		0.7–12.7*	58.0–65.3

*Totals may not sum correctly due to rounding.

For personal use only

For personal use only

An exploration target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.

The Company proposes to use the funds raised pursuant to the re-compliance capital raising to undertake an exploration program aimed at increasing the Mineral Resource and improving its confidence in accordance with the JORC Code (2012). This exploration programme will commence with the testing of the maximum case as defined in the Exploration Target and selective infill drilling to improve the geological understanding of the mineralisation.

The program aims to expand the current Inferred Mineral Resource with an emphasis directed to delineating additional hematite mineralisation. This mineralisation will be further confirmed through drilling, mineralisation modelling and metallurgical testing.

The Inferred Mineral Resource estimate also displays low to acceptable levels of deleterious elements with P (0.05%), Al2O3 (2.7%), and SiO2 (3.3%). Confirmation of the elemental makeup of the mineralised body and a determination of the proportion of fines or lump product potential will be made through future metallurgical studies.

Iron Ridge Project Next Steps

As part of preparation of a feasibility study in relation to the Iron Ridge project, the Company will evaluate contract mining and trucking to minimise upfront capital requirements.

In addition to drilling, funds raised pursuant to the Capital Raising are also proposed to be used as follows:

- Metallurgical studies: targeting confirmation of mineralisation physical properties and marketability;
- Hydrological evaluation;
- A feasibility study;
- Development permitting and approvals; and
- Site preparation and Logistics agreements (transport, port and shipping contracts).

Material Terms of the Transaction

Under the Acquisition Agreement:

(a) Subject to satisfaction of various conditions precedent (see Section **Error! Reference source not found.** for further details), the Company will acquire 100% of PML from the 7 shareholders of PML (**Vendors**) for the following consideration:

(i) 25,000,000 Shares (referred to as the Consideration Shares); and

(ii) 112,500,000 Performance Shares (comprising, 15,000,000 Class A Performance Shares, 30,000,000 Class B Performance Shares; 37,500,000 Class C Performance Shares and 30,000,000 Class D Performance Shares) (referred to as the Consideration Performance Shares),

(collectively referred to as the Consideration Securities).

The Performance Shares will convert into a Share on a one for one basis on satisfaction of the relevant performance milestone prior to the relevant expiry date set out in the table below:

Class	Performance Milestone	Performance Share Expiry Date
Class A	Declaration of an Inferred Mineral Resource of not less than 8 million tonnes of iron ore at 65% Fe grade in accordance with the JORC Code of 2012 within 6 months from commencement of drilling on the Tenement (**Milestone A Achievement Date**).	Confirmation that Milestone A has been achieved must occur within two months after the Milestone A Achievement Date.
Class B	Achievement of 1 million tonnes cumulative of shipped Iron Ore production from the Tenement at an Operating Margin of greater than US$15 per dry metric tonne shipped within the earlier of 24 months from commencement of mining on the Tenement and 60 months from the date of completion of the Acquisition (**Milestone B Achievement Date**).	Confirmation that Milestone B has been achieved must occur within the earlier of two months after the Milestone B Achievement Date and 60 months from the Settlement Date.
Class C	Achievement of 2 million tonnes cumulative of shipped Iron Ore production from the Tenement at an Operating Margin of greater than US$15 per dry metric tonne shipped within the earlier of 36 months from commencement of mining on the Tenement and 60 months from the date of completion of the Acquisition (**Milestone C Achievement Date**).	Confirmation that Milestone C has been achieved must occur within the earlier of two months after the Milestone C Achievement Date and 60 months from the Settlement Date.
Class D	Achievement of 3 million tonnes cumulative of shipped Iron Ore production from the Tenement at an average Operating Margin of greater than US$15 per dry metric tonne shipped within the earlier of 48 months from commencement of mining on the Tenement and 60 months from the date of completion of the Acquisition (**Milestone D Achievement Date**).	Confirmation that Milestone D has been achieved must occur within the earlier of two months after the Milestone D Achievement Date and 60 months from the Settlement Date.

For the purposes of the performance milestones "Operating Margin" means the gross profit contribution from mining operations relating to the Tenement. Gross profit excludes any non-cash items (such as depreciation, amortisation and share-based payments), indirect overhead costs (such as corporate compliance costs and corporate overheads), interest and taxes.

The Performance Shares will convert on a Change of Control prior to the relevant expiry date (subject to a cap of 10% of Shares on issue).

(b) PML has issued convertible notes (**Convertible Notes**) with an aggregate face value of $600,000 to the PML Noteholders. On Completion, the Convertible Notes will be assigned to, and assumed by, the Company and satisfied in full through the issue of 30,000,000 Shares (**Convertible Note Shares**) (at a deemed issue price of $0.02 per Share).

(c) The Acquisition is conditional upon the satisfaction of a number of conditions by 4 November 2018. These conditions have either been satisfied or substantially satisfied,

For personal use only

with the exception of the following conditions which remain outstanding at the date of this Notice:

(i) the Company completing the Consolidation;

(ii) the Company receiving commitments for the Capital Raising;

(iii) the parties obtaining any necessary shareholder, regulatory, governmental or other third party consents or waivers that may be required as a result of the change in control of PML;

(iv) the Company obtaining any necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the Acquisition; and

(v) legal title to M20/118 being transferred to PML.

(d) The Board of the Company will be reconstituted with effect from completion of the Acquisition so that Mr Garry Plowright will be appointed to the Board of the Company.

(e) The Vendors have given warranties and representations in favour of the Company which are customary for a transaction of this nature.

The Acquisition Agreement is otherwise on customary terms for a transaction of this nature.

Re-compliance with Chapters 1 & 2 of the ASX Listing Rules

The Acquisition constitutes a significant change in the nature and scale of the Company's activities of the nature contemplated by Chapter 11 of the Listing Rules. The Company's Shares were suspended from trading from the date that the Company announced the Acquisition, and it is anticipated that the Shares will remain suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules and any conditions ASX imposes on reinstatement.

Extraordinary General Meeting

Subsequent to the Period on 10 September 2018 shareholders approved, amongst other things, the following member resolutions:

- The Acquisition Agreement to acquire PML;
- The issue of $600,000 in convertible notes that will convert into FEX shares.
- The $4.5 million re-compliance capital raising;
- A consolidation of capital on the basis that every 5 ordinary shares be consolidated into 1 ordinary share;
- The Company's name being changed to Fenix Resources Limited;
- The appointment of Mr Robert Brierley and Mr Garry Plowright as Directors of the Company effective from completion of the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules; and
- Adoption of the Fenix Resources Employee Securities Incentive Plan and issues of options under the Plan to directors and advisers.

Beyondie Magnetite Project

The Company holds an 80% interest in the iron ore rights to the Beyondie Project in Western Australia. Beyondie is prospective for iron ore, vanadium and manganese. As announced by the Company on the ASX, the Company plans to dispose of or relinquish its interest in the Beyondie Project and has been focused on assessing and evaluating new project opportunities

For personal use only

For personal use only

Corporate

On 2 November 2017, the Company announced the appointment of Mr Petar Tomasevic as a Non-Executive Director.

Mr Tomasevic has significant experience in the financial services industry having worked with numerous ASX listed companies in marketing and investor relations roles. Whilst engaged by Stocks Digital, a leading Australian marketing firm, he specialised in digital marketing strategies and investor relations.

Petar has substantial practical business knowledge and was the former Managing Director of an international sports manufacturing company. Mr Tomasevic is fluent in 5 languages and is currently appointed as a French Language specialist to assist in project evaluation for various ASX listed junior explorers.

On 1 June 2018, the Company announced the appointment of Mr Rob Brierley to the Board. Rob is an experienced Company Director with significant operational experience in many mining operations, including acting as Registered Mine/Quarry Manager at Yandi, Marandoo and Koolan Island high grade DSO iron ore mines.

At the end of the Period the Company had 226,991,001 ordinary shares on issue and $423,339 in cash and at call deposits.

Events occurring after the balance date

Subsequent to the period on 20 August 2018, the company advised that in connection with the proposed $4.5 million re-compliance capital raising and the acquisition of PML, the company has entered into an agreement with CPS Capital Group Pty Ltd (**CPS capital**) to underwrite the $2m priority offer (**Underwriting**).

CPS capital has agreed to underwrite the proposed priority offer to existing EMG shareholders of up to 50,000,000 shares at $0.004 per share to raise $2,000,000 (Underwritten Amount). In consideration for the underwriting the Company will pay CPS capital and underwriting fee of 1% of the underwritten amount and 5% of the total subscription amount of the shortfall shares from the priority offer. In addition, the Company will issue CPS capital and other parties who participate in the shortfall from the Priority Offer 25 million options exercisable at $0.08 each expiring three years from the date of issue, at an issue price of $0.01 per option (Underwriting Options).

The Company has completed its due diligence on PML and the iron Ridge DSO Hematite Project and has dispatched a notice of meeting to shareholders to approve the transaction.

On 29 August 2018, the company advised that Mr Bevan Tarratt was appointed Non-Executive Chairman replacing Mr Edmond Yao as Chairman who would remain Non-Executive Director until completion of the acquisition of Prometheus Mining Limited.

On 10 September 2018 shareholders approved, amongst other things, the following member resolutions:

- The Acquisition Agreement to acquire PML;
- The issue of $600,000 in convertible notes that will convert into FEX shares.
- The $4.5 million re-compliance capital raising;
- A consolidation of capital on the basis that every 5 ordinary shares be consolidated into 1 ordinary share;
- The Company's name being changed to Fenix Resources Limited;
- The appointment of Mr Robert Brierley and Mr Garry Plowright as Directors of the Company effective from completion of the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules; and

- Adoption of the Fenix Resources Employee Securities Incentive Plan and issues of options under the Plan to directors and advisers.

Other than as set out above there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Significant Changes in the State of Affairs

Other than the above, there were no significant changes that occurred during the reporting period.

Summary of the Company's Tenement Information

Tenement	Registered Holder	Company's Interest	Area
E52/2215	De Grey Mining Ltd	80% (Iron Ore, Vanadium, Manganese)	142 km^2 46 blocks

Competent Persons Statement

Information in this report that relates to Exploration Results/Exploration Target is based on, and fairly reflects, information compiled by Mr Mark Pudovskis, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Pudovskis is a consultant to the Company, employed by CSA Global, independent mining industry consultants. Mr Pudovskis has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Pudovskis consents to the inclusion of the data in this Notice in the form and context in which it appears. Additionally, Mr Pudovskis confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

The information in this report that relates to Mineral Resources is based on information compiled by Mr Alex Whishaw. Mr Whishaw is a full-time employee of CSA Global and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Whishaw has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Whishaw consents to the disclosure of the information in this Notice in the form and context in which it appears. Additionally, Mr Whishaw confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

For personal use only

For personal use only

DIRECTORS' REPORT

The Directors present their report on Fenix Resources Limited for the year ended 30 June 2018.

Directors

The names and details of the Directors of Fenix Resources Limited during the financial year and until the date of this report are:

Edmond Yao
Non-Executive Director - appointed 16 November 2015

Mr Yao is currently Chairman of The China Cable and Wire Association. Mr Yao has previously represented China Hua Dian Corp, one of the Big Five China Power EPC companies, during this period he was responsible for the construction of two national scale Thermal Power Stations and the largest power grid in Cambodia. Mr Yao possesses an extensive background in equity capital markets and corporate transactions.

Mr Yao held no other directorships of other ASX listed companies in the last three years.

Mr Bevan Tarratt BCom
Non-executive Chairman – appointed 12 August 2015

Mr Tarratt has an extensive background in capital markets, accounting and corporate advisory with a specific focus on small cap Australian equities. Mr Tarratt was previously a client advisor at Patersons Securities and partner of a venture capital firm. He has been involved in the re-capitalisation, restructuring and acquisition of assets for numerous ASX listed companies.

Directorships in other ASX Listed companies in the last three years:
Pura Vida Energy NL (ASX:PVD): 1 August 2011 to 13 January 2014
Protean Energy Ltd (ASX:POW) : 12 June 2007 to present.

Jian-Hua Sang
Non-executive Director- appointed 17 September 2012

Mr Jian-Hua Sang trained in China and was the first Chinese postgraduate student studying Economic Geology in Western Australia. He has more than 25 years of international exploration, mining and corporate experience in Asia, Australia and Africa.

Directorships of other listed companies in the last three years:
Chrysalis Resources Limited (ASX:CYS): 5 July 2013 to 1 December 2015.

Petar Tomasevic
Non-executive Director- appointed 2 November 2017

Mr Tomasevic has significant experience in the financial services industry having worked with numerous ASX listed companies in marketing and investor relations roles. Whilst engaged by Stocks Digital, a leading Australian marketing firm, he specialised in digital marketing strategies and investor relations.

Petar has substantial business practical business knowledge and was the former Managing Director of an international sports manufacturing company. Mr Tomasevic is fluent in 5 languages and is currently appointed as a French Language specialist to assist in project evaluation for various ASX listed junior explorers.

Directorships of other listed companies in the last three years:
N/A

For personal use only

Rob Brierley
Non-executive Director- appointed 1 June 2018

Mr Brierley is an experienced company director with significant operational experience in many mining operations including acting as Registered Mine/Quarry Manager at Yandi, Marandoo and Koolan Island high grade DSO iron ore mines.

Mr Brierley holds a Bachelor of Mining Engineering and a graduate Diploma in Applied Finance and Investment. He is experienced in project and mine management, corporate finance, leadership, corporate governance and equities research. He has 15 years' experience in financial markets including Head of Equities Research at Patersons Securities Ltd.

Mr Brierley is a Graduate Member of the Australian Institute of Company Directors. He has had previous executive and non-executive roles with Brockman Resources Ltd, Alchemy Resources Ltd, BrazIron Ltd and Carbine Resources Ltd.

Directorships of other listed companies in the last three years:
N/A

Company Secretary
Matthew Foy – appointed 25 January 2017

Matthew spent four years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines. His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the ASX requirements.

Directors' Interests

As at the date of this report no Director had an interest in shares of the Company.

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2018, and the number of meetings attended by each Director are as follows:

Director	***Board of Directors' Meetings***	
	Held during term of office	***Attended***
Edmond Yao	2	2
Bevan Tarratt	2	2
Jian Hua Sang	2	1
Petar Tomasevic	-	-
Rob Brierley	-	-

Principal Activities

The principal activities of the Company during the financial year were exploration for iron, base metals and precious metals in Western Australia.

There were no significant changes in these activities during the financial year.

Results of Operations

The net loss after income tax for the financial year was $923,420 (2017: $554,611). Included in the loss for the year was an impairment charge in respect of the Company's exploration assets of $57,043, (2017: $118,817).

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

Financial Position

At the end of the financial year the Company had $423,339 (2017: $1,291,562) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure was $nil (2017: $nil). Mineral exploration and evaluation expenditure during the year for the Company was $57,043 (2017: $118,817). Impairment of Capitalised mineral exploration and evaluation expenditure during the year for the Company was $57,043 (2017: $118,817).

Expenditure was principally focused on the exploration for and evaluation of iron mineralisation, precious metals and base metals in Western Australia.

Significant Changes in the State of Affairs

Other than the Company's announcement that it had entered into a binding term to purchase the issued capital in Prometheus Mining Pty Ltd, there have been no significant changes in the state of affairs of the Company during or since the end of the financial year.

Options Over Unissued Capital

As at the date of this report there are no listed or unlisted options over unissued shares in the Company.

Environmental Regulation and Performance

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.

Remuneration Report (Audited)

The following persons were all Key Management Personnel for Fenix Resources Limited during the financial year:

Directors

Edmond Yao	(Non-Executive Director)	
Bevan Tarratt	(Non-executive Chairman)	
Jian-Hua Sang	(Non-Executive Director)	
Petar Tomasevic	(Non-Executive Director)	(Appointed 2 November 2017)
Rob Brierley	(Non-Executive Director)	(Appointed 1 June 2018)
David Rod	(Non-executive Director)	(Resigned 8 November 2017)

Company Secretary

Matthew Foy	(Company Secretary)

Remuneration Policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. Remuneration packages include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the Company and Shareholder approval where required.

The Remuneration Report outlines Directors' and executive remuneration arrangements of the Company. For the purposes of this report, Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, including any Directors of the Company.

For personal use only

During the period, the Board performed the role of the Remuneration Committee. The Board is responsible for determining and reviewing the remuneration of the Directors and executives. The Board assesses the appropriateness of the nature and amount of the remuneration on a periodic basis by reference to market and industry conditions.

Fees and payment to Non-Executive Directors reflects the demands that are made on and the responsibilities of, the Directors from time to time. Total remuneration for all Non-Executive Directors was last voted on by shareholders on 30 November 2010, whereby it is not to exceed $300,000 per annum. Non-Executive Directors do not receive bonuses. Directors' fees cover all normal Board activities.

At the date of this report the Company has not entered into any agreements with Directors or senior executives which include performance based components.

A Director may also be paid fees or other amounts as the Directors determine, if a Director performs special duties or otherwise performs duties outside the scope of the normal duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

During the year the Company did not engage remuneration consultants

At the 2017 annual general meeting, the resolution relating to the adoption of the remuneration report had more than 25% of the votes cast against the resolution to adopt the remuneration report. This constitutes a first strike for the purposes of the Corporations Act.

Executive Employment Agreements
The Company has not entered into any executive employment agreement during the year.

Share Based Remuneration
The Company has not issue any share based remuneration during the year.

For personal use only

Remuneration Report (Audited) (continued)

Details of Remuneration for Key Management Personnel

During the year the Company identified the Company Directors and Company Secretary as Key Management Personnel for which disclosure is required.

Details of the remuneration of each Key Management Personnel of the Company are as follows:

Director and other Key Management Personnel		Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments		
Employee	Year	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Long service leave $	Termination benefits $	Options $	Total $	Performance based % of remuneration
Non-executive Directors										
E Yao [1]	2018	65,250	-	-	-	-	-	-	65,250	-
Independent	2017	58,600	-	-	-	-	-	-	58,600	-
B Tarratt[2]	2018	110,600	-	-	5,700	-	-	-	116,300	-
Independent	2017	58,600	-	-	5,510	-	-	-	64,110	-
J H Sang	2018	110,600	-	-	5,700	-	-	-	116,300	-
Independent	2017	62,600	-	-	5,510	-	-	-	68,110	-
D Rod [3]	2018	-	-	-	-	-	-	-	-	-
Independent	2017	21,250	-	-	2,009	-	-	-	23,259	-
P Tomasevic[4]	2018	40,400	-	-	3,800	-	-	-	44,200	-
Independent	2017	-	-	-	-	-	-	-	-	-
R Brierley[5]	2018	24,500	-	-	475	-	-	-	24,975	-
Independent	2017	-	-	-	-	-	-	-	-	-
Other Key Management Personnel										
M Foy[7]	2018	33,935	-	-	-	-	-	-	33,935	-
Company Secretary	2017	28,519	-	-	-	-	-	-	28,519	-
2018 Total	**2018**	**385,285**	**-**	**-**	**15,675**	**-**	**-**	**-**	**400,960**	**-**
2017 Total	**2017**	**229,569**	**-**	**-**	**13,029**	**-**	**-**	**-**	**242,598**	**-**

For personal use only

Remuneration Report (Audited) (continued)

(1) Non-executive Director appointed on 16 November 2015
(2) Non-executive Chairman appointed 12 August 2015
(3) Non-executive Director appointed 14 June 2017, resigned 8 November 2017
(4) Non-executive Director appointed 2 November 2017
(5) Non-executive Director appointed 1 June 2018
(6) Non-executive Director resigned 12 August 2015
(7) Company secretary appointed 15 January 2017

Remuneration of Company Executives

Company Secretary fees paid during the year to Mr Foy were $33,935 (2017: $28,519) and form part of the Remuneration table of Key Management Personnel for the year ended 30 June 2018.

Shareholdings by Key Management Personnel

The number of shares in the Company held during the financial year by Key Management Personnel of the Company, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

2018 Name	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
Current Directors				
E Yao	-	-	-	-
B Tarratt	-	-	-	-
J H Sang	-	-	-	-
P Tomasevic[(1)]	-	-	-	-
R Brierley[(2)]	-	-	-	-
D Rod[(3)]	-	-	-	-

1. Appointed 2 November 2017
2. Appointed 1 June 2018
3. Resigned 8 November 2017

Note: Shareholding information for Key Management Personnel who were not Key Management Personnel for the whole year is only for that portion of the year during which they held a key management position. For the purpose of this table, shares held at appointment are assumed to have been held at 1 July and shares held at termination are assumed to be held at 30 June, with any acquisitions or disposals prior to appointment or after termination, not shown.

Option Holdings by Key Management Personnel

The number of options in the Company held during the financial year by key management personnel of the Company, including their personally related parties is nil.

Subsequent to the period on 10 September 2018, shareholders approved an issue of incentive options to the Directors comprising 3,000,000 options exercisable at 8¢ on or before the date that is three years from the date of grant to Mr Bevan Tarratt and the issue of 2,000,000 options exercisable at 8¢ on or before the date that is three years from the date of grant to each of Messrs Tomasevic, Brierley and Plowright.

Loans made to Key Management Personnel
No loans were made to key personnel, including personally related entities during the reporting period.

Other transactions with Key Management Personnel

Matthew Foy is an employee of Minerva Corporate Pty Ltd. This firm provided a registered office to the Company during the year and an AGM venue in the ordinary course of business. The value of the transactions in the financial year ended 30 June 2018 amounted to $2,750 (2017: $3,150).

There were no other transactions with key management personnel, other than as disclosed in the *Remuneration Report*.

END OF REMUNERATION REPORT

For personal use only

For personal use only

Officers' Indemnities and Insurance

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement to indemnify all Directors and Officers against all indemnifiable losses or liabilities incurred by each Director or Officer in their capacities as Directors and Officers of the Company. The Company has not provided any indemnity or insurance for an auditor of the Company.

Proceedings on behalf of the Company

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

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement is available on the Company's website.

Non-audit Services

During the year Grant Thornton Audit Pty Ltd, the Company's auditor, has performed no other services in addition to their statutory audit duties.

Total remuneration paid to auditors during the financial year:	**2018**	2017
	$	$
Audit and review of the Company's financial statements	**31,304**	34,812
Total	**31,304**	34,812

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on Page 16.

This report is made in accordance with a resolution of the Directors.
Dated at Perth this 25th day of September 2018.

Bevan Tarratt
Non-Executive Chairman

Central Park
Level 43, 152 - 158 St George Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2151
F +61 8 8480 2000
E info.wa@au.gt.com
W www.grantthornton.com.au

For personal use only

Auditor's Independence Declaration

To the Directors of Fenix Resources Limited (previously Emergent Resources Limited)

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Fenix Resources Limited (previously Emergent Resources Limited) for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner – Audit & Assurance

Perth, 25 September 2018

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 30 June 2018

Continuing operations	Note	**2018 $**	2017 $
Revenue and other income	5	**18,904**	38,811
Total revenue		**18,904**	38,811
Employee expenses	6	**(205,675)**	(208,179)
Depreciation expenses	6	**(2,375)**	(2,775)
Impairment expense	6	**(57,043)**	(118,817)
Acquisition costs	23	**(230,452)**	-
Consulting fees		**(223,757)**	(5,500)
Other		**(223,022)**	(258,151)
Loss before income tax		**(923,420)**	(554,611)
Income tax benefit	7	**-**	-
Net loss for the year		**(923,420)**	(554,611)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(923,420)**	(554,611)
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic (loss) per share (cents per share)	25	**(0.41)**	(0.24)
Diluted (loss) per share (cents per share)	25	**(0.41)**	(0.24)

The above statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

For personal use only

For personal use only

Fenix Resources Limited
ABN 68 125 323 622

Statement of Financial Position
As at 30 June 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	8	**423,339**	**1,291,562**
Trade and other receivables	9	**27,806**	**11,415**
Total current assets		**451,145**	**1,302,977**
Non-current assets			
Property, plant and equipment	10	**10,337**	**12,712**
Capitalised mineral exploration and evaluation expenditure	11	**-**	**-**
Total non-current assets		**10,337**	**12,712**
Total assets		**461,482**	**1,315,689**
Current liabilities			
Trade and other payables	12	**105,902**	**36,689**
Total current liabilities		**105,902**	**36,689**
Total liabilities		**105,902**	**36,689**
Net assets		**355,580**	**1,279,000**
Equity			
Issued capital	13	**19,375,907**	**19,375,907**
Accumulated losses	14	**(19,020,327)**	**(18,096,907)**
Total equity		**355,580**	**1,279,000**

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

Statement of Changes in Equity
For the financial year ended 30 June 2018

	Note	Issued capital $	Accumulated losses $	Total $
Balance at 30 June 2016		19,375,907	(17,542,296)	1,833,611
Total comprehensive income/(loss) for the financial year	14		**(554,611)**	**(554,611)**
Shares issued during the financial year	13	-	-	-
		-	-	-
Balance at 30 June 2017		**19,375,907**	**(18,096,907)**	**1,279,000**
Total comprehensive income/(loss) for the financial year	**14**	**-**	**(923,420)**	**(923,420)**
Shares issued during the financial year	**13**	**-**	**-**	**-**
Share issue costs	**13**	**-**	**-**	**-**
Balance at 30 June 2018		**19,375,907**	**(19,020,327)**	**355,580**

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

For personal use only

Statement of Cash Flows
For the financial year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Interest received		**22,195**	**41,270**
Payments to suppliers and employees		**(834,413)**	**(491,742)**
Net cash used in operating activities	24	**(812,218)**	**(450,472)**
Cash flows from investing activities			
Payments for exploration and evaluation		**(56,005)**	**(116,802)**
Net cash used in investing activities		**(56,005)**	**(116,802)**
Net (decrease) in cash held		**(868,223)**	**(567,274)**
Cash and cash equivalents at the beginning of the financial year		**1,291,562**	**1,858,836**
Cash and cash equivalents at the end of the financial year	8	**423,339**	**1,291,562**

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

For personal use only

For personal use only

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for Fenix Resources Limited as a single entity ("Company").

(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, Australian Accounting Interpretations and the Corporations Act 2001, as appropriate for for-profit oriented entities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The financial report of the Company was authorised for issue in accordance with a resolution of Directors on 25 September 2018.

Statement of Compliance
The financial report of Fenix Resources Limited complies with Australian Accounting Standards in their entirety. Compliance with Australian Accounting Standards ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

Reporting basis and conventions
These financial statements have been prepared under the historical cost convention, and on an accrual basis.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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 3.

Going concern

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

As disclosed in the financial statements, the company recorded an operating loss of $923,420, and a cash outflow from operating activities of $812,218 for the year ended 30 June 2018 and at balance date, had net current assets of $345,243.

The Company has entered into a binding term sheet to purchase the issued capital in PML. The acquisition of PML is conditional upon the satisfaction of a number of conditions, including, but not limited to, the Company satisfying the requirements of Chapters 1 and 2 of the Listing Rules and any conditions ASX imposes on reinstatement. On 5 September 2018 the Company lodged a prospectus to raise $4.5 million by way of issuing 112,500,000 shares at an issue price of 4¢ each.

Should the company not be successful in completing the capital raising of $4.5 million or cashflows are not as planned, there is a material uncertainty as to the ability of the company to continue as a going concern and to realise its assets and extinguish its liabilities in the ordinary course of business.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

For personal use only

(b) Segment reporting

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's Board of Directors, being the Company's Chief Operating Decision Maker, as defined by AASB 8.

(c) Revenue recognition and receivables

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and amounts collectable on behalf of third parties.

Interest income

Interest income is recognised on a time proportion basis and is recognised as it accrues.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

For personal use only

(f) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

(g) Cash and cash equivalents

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

For personal use only

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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

Depreciation of property, plant and equipment is calculated using the straight line and written down value methods to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Field equipment	5 - 33.3%
Office equipment	5 - 50%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)). Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(i) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or

- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

- In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

- Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in profit or loss.

(j) Joint Arrangements

A joint arrangement in which the Company has direct rights to the underlying assets and obligations for underlying liabilities is classified as a joint operation.

Interests in joint operations are accounted for by recognising the Company's assets (included its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly) and its share of the expenses (including its share of any expenses incurred jointly).

For personal use only

(k) Trade and other payables

These amounts represent liabilities, at amortised cost, for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within the payment terms negotiated with the creditor.

(l) Employee benefits

Wages, salaries and annual leave.

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

Long service leave.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salaries, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share based payments.

Share based compensation payments are made available to Directors and employees.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(m) 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.

For personal use only

(n) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(o) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Financial instruments

Recognition

When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(q) Financial instruments (continued)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments included to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(r) Adoption of new and revised standards

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for the current annual reporting period.

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. Information on these new standards which are relevant to the Company is presented below.

AASB 9 Financial Instruments

AASB 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

AASB 9 is effective for annual reporting periods beginning on or after 1 January, 2018, with early adoption permitted.

The entity is yet to undertake a detailed assessment of the impact of IFRS 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

For personal use only

AASB 15 *Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces exiting revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and IFRC 13 *Customer Loyalty Programmes*.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 Leases

AASB 16:

- replaces AASB 117 *Leases* and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

Note 2 Financial risk management

The Company has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables

The Company has no investments and the nature of the business activity of the Company does not result in trading receivables. The receivables that the Company does experience through its normal course of business are short term and the risk of recovery of no recovery of receivables is considered to be negligible.

Cash deposits

The Company's bankers are ANZ Limited and Westpac Banking Corporation and, at reporting date, all operating accounts and funds held on deposit are with these banks. The Directors believe any risk associated with the use of these banks is addressed through the use of an AA- rated bank as the primary banker. Except for this matter the Company currently has no significant concentrations of credit risk.

For personal use only

Note 2 Financial risk management (continued)

(b) Liquidity risk

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

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment. If the Company does not raise capital, it can continue as a going concern by reducing planned but not committed expenditure until funding is available or joint venture arrangements can be entered into.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Interest rate risk

The Company has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Company requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Company does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

(c) Market risk continued

Other market risks

The Company does not have any direct contact with foreign exchange or equity risks other than their effect on the general economy.

(d) Capital management

The Board of Directors monitors capital expenditure and cash flows as mentioned in (b). The Company's capital structure may be amended by the issue of equity securities or by entering in to other finance arrangements as necessary to fund the Company's operations and to continue as a going concern.

The Company's current capital structure has been comprised entirely of equity based securities since its incorporation, and has no externally imposed capital requirements to which it is subject to, other than the requirements of the Corporations Act and ASX Listing Rules. There has been no material change to the composition of the Company's capital in this or prior reporting periods.

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

For personal use only

Note 3 Critical accounting estimates and judgements (continued)

Accounting for capitalised exploration and evaluation expenditure

The Company's accounting policy is stated at Note 1(i). There is some subjectivity involved in the carrying forward as capitalised or writing off to the statement of profit or loss and other comprehensive income, however the Board and management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

Impairment

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in an area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which the determination is made.

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Where an impairment trigger exists, the recoverable amount of the asset is determined.

In the year ended 30 June 2018 an amount of $57,043 (2017: $118,817) has been impaired. (Note 11).

For personal use only

Notes to the Financial Statements
For the financial year ended 30 June 2018

For personal use only

Note 4 Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Company's only material reportable segment for the financial period has been identified as the Beyondie Project in the Mid-West region of Western Australia.

	2018	2017
	$	$
Capitalised exploration for the year:		
Beyondie Project	**57,053**	118,817
Other	**-**	-
	57,053	118,817
Result for the year:		
Beyondie Project	**(57,053)**	(118,817)
Other	**(866,367)**	(435,794)
	(923,420)	(554,611)
Total segment assets:		
Beyondie Project	**-**	-
Other	**461,482**	1,315,689
	461,482	1,315,689

Note 5 Revenue

Interest income	**18,904**	38,811
	18,904	38,811

Note 6 Loss for the year

	2018	2017
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation:		
Office equipment	**1,367**	1,626
Plant and equipment	**1,008**	1,149
	2,375	2,775
Employee expenses		
Defined contribution superannuation expense	**15,675**	13,029
Directors' fees	**190,000**	195,050
	205,675	208,179
Impairment expense	**(57,043)**	(118,817)

Notes to the Financial Statements
For the financial year ended 30 June 2018

For personal use only

	2018 $	2017 $
Note 7 Income tax		
a) Income tax expense		
Current income tax:		
Current income tax charge (benefit)	**(253,941)**	(152,520)
Deferred income tax:		
Relating to origination and reversal of timing differences	**253,941**	152,520
Income tax expense reported in statement of profit or loss and other comprehensive income	**-**	-
b) Reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(923,420)**	(554,617)
Tax at the Australian rate of 27.5% (2017 – 30%)	**(253,941)**	(152,520)
Tax effect of permanent differences:		
Exploration costs written off	**-**	-
Impairment charge	**15,686**	32,675
Capital raising costs	**(841)**	-
Net deferred tax asset benefit not brought to account	**239,096**	119,845
Tax (benefit)/expense	**-**	-
c) Deferred tax balances		
Recognised Deferred Tax Balances		
Deferred Tax Asset:		
Tax losses carried forward	**1,579**	1,776
Deferred Tax Liabilities:		
Exploration expenditure capitalised	**-**	-
Other deferred tax balances	**1,579**	1,776
Deferred Tax Liability	**1,579**	1,776
Net recognised deferred tax balances		-
d) Unrecognised Deferred Tax Balances:		
Deferred tax assets comprise:		
Tax losses carried forward	**4,613,363**	4,804,008
Other deferred tax balances	**17,399**	9,079
Net unrecognised deferred tax asset	**4,630,762**	4,813,087

For personal use only

	2018 $	2017 $

Note 7 Income tax (continued)

Potential deferred tax assets attributable to tax losses and capital losses carried forward have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable.

e) Income tax benefit not recognised directly in equity during the year		
Capital raising costs	**-**	1,682

Note 8 Current assets - Cash and cash equivalents

(a) Reconciliation to cash at the end of the year

The figures below are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Cash at bank	**223,339**	101,562
Deposits at call	**200,000**	1,190,000
Cash and cash equivalents per statement of cash flows	**423,339**	1,291,562

(b) Deposits at call

The deposits are bearing fixed interest rates of between 2.03% and 2.52% (2017: 2.10% and 3.07%).

Note 9 Current assets – Trade and other receivables

Prepayments	**5,478**	2,906
Accrued interest	**263**	3,554
GST recoverable	**22,065**	4,955
	27,806	11,415

Details of fair value and exposure to interest risk are included at Note 15.

Note 10 Non-current assets – Property, plant and equipment

Office equipment		
At cost	**40,909**	40,909
Accumulated depreciation	**(35,844)**	(34,478)
	5,065	6,431
Plant and equipment		
At cost	**21,254**	21,254
Accumulated depreciation	**(15,982)**	(14,973)
	5,272	6,281
	10,337	12,712

Note 10 Non-current assets – Property, plant and equipment (continued)

	2018	2017
	$	$
Reconciliation of movements:		
Office equipment		
Net book value at start of the year	**6,431**	8,057
Additions	**-**	-
Disposal	**-**	-
Depreciation	**(1,366)**	(1,626)
Net book value at end of the year	**5,065**	6,431
Plant and equipment		
Net book value at start of the year	**6,281**	7,430
Additions	**-**	-
Disposal	**-**	-
Depreciation	**(1,009)**	(1,149)
Net book value at end of the year	**5,272**	6,281
	10,337	12,712

No items of property, plant and equipment have been pledged as security by the Company.

Note 11 Non-current assets – Capitalised mineral exploration and evaluation expenditure

In the exploration and evaluation phase:		
Capitalised exploration costs at the start of the year		**-**
Exploration costs capitalised during the year	**57,043**	118,817
Exploration costs written off during the year	**-**	-
Exploration costs impaired during the year	**(57,043)**	(118,817)
Capitalised exploration costs at the end of the year	**-**	-

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

During the 2018 financial year it was decided by the Board and management to provide impairment on all of its capitalised exploration projects. The basis for impairment was comparable peer transactions within the past 6 months together with comparable peer value based on enterprise value per resource tonne of iron ore. This resulted in an impairment charge totalling $57,043 (2017: $118,817).

For personal use only

Notes to the Financial Statements
For the financial year ended 30 June 2018

Note 12 Current liabilities - Trade and other payables

	2018	2017
	$	$
Trade payables	**42,634**	9,789
Sundry payables and accrued expenses	**63,268**	26,900
	105,902	36,689

Liabilities are not secured over the assets of the Company. Details of fair value and exposure to interest risk are included at note 15.

Note 13 Issued capital

a) Ordinary shares
The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia.

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

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

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

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

b) Share capital	**2018**	2017	**2018**	2017
	No.	No.	**$**	$
Fully paid ordinary shares	***226,991,001***	*226,991,001*	***19,375,907***	*19,375,907*

c) Share movements during the year	*Issue price*				
At the beginning of the year		***226,991,001***	*226,991,001*	***19,375,907***	*19,375,907*
At the end of the year		**226,901,001**	226,991,001	**19,375,907**	19,375,907

Note 14 Accumulated losses

	2018	2017
	$	$
Accumulated losses:		
At the beginning of the year	**(18,096,907)**	(17,542,296)
Loss for the year	**(923,420)**	(554,611)
Balance at the end of the year	**(19,020,327)**	(18,096,907)

For personal use only

Notes to the Financial Statements
For the financial year ended 30 June 2018

Note 15 Financial instruments

Credit risk
The Directors do not consider that the Company's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made, note 2(a).

Impairment losses
The Directors do not consider that any of the Company's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

Liquidity risk
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, note 2(b):

2018	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5years**	**More than 5 years**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Trade payables	**42,634**	**42,634**	**42,634**	**-**	**-**	**-**	**-**
	42,634	**42,634**	**42,634**	**-**	**-**	**-**	**-**

2017	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	$	$	$	$	$	$	$
Trade payables	9,789	9,789	9,789	-	-	-	-
	9,789	9,789	9,789	-	-	-	-

Interest rate risk
At the reporting date the interest profile of the Company's interest-bearing financial instruments was:

	Carrying amount ($)	
	2018	2017
Variable rate instruments		
Financial assets	**423,339**	1,291,562

The weighted average effective interest rates for financial assets at 30 June 2018 is 1.82% (2017: 2.23%). The weighted average maturity period for these financial assets as at 30 June 2018 is nil months (2017: nil months).

Cash flow sensitivity analysis for variable rate instruments
A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

For personal use only

Note 15 Financial instruments (continued)

2018	**Profit or loss**		**Equity**	
	0.5% increase	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Variable rate instruments	**5,130**	**(5,130)**	**5,130**	**(5,130)**

2017	Profit or loss		Equity	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Variable rate instruments	8,730	(8,730)	8,730	(8,730)

Fair values

Fair values versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2018		2017	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
Cash and cash equivalents	**423,339**	**423,339**	1,291,562	1,291,562
Trade payables – at amortised cost	**(42,634)**	**(42,634)**	(9,789)	(9,789)
	380,705	**380,705**	1,281,773	1,281,773

The Company's policy for recognition of fair values is disclosed at note 1(r).

Note 16 Dividends

No dividends were paid or proposed during the financial year.

The Company has no franking credits available as at 30 June 2018 (2017: nil).

For personal use only

For personal use only

Note 17 Key management personnel disclosures

Key management personnel compensation

	2018	2017
	$	$
Short-term employee benefits	**385,2285**	229,469
Post-employment benefits	**15,675**	13,029
Other long-term benefits	**-**	-
	400,960	242,498

Equity instrument disclosures relating to key management personnel

Unlisted Options provided as remuneration and shares issued on exercise of such options

No shares have been issued to key management personnel on exercise of options during the year.

No shares were granted to key management personnel for share-based payments during the financial year ended 30 June 2018.

Loans made to key management personnel

No loans were made to key personnel, including personally related entities during the reporting period.

Other transactions with key management personnel

Matthew Foy is a Director of Minerva Corporate Pty Ltd. This firm provided a registered office to the Company during the year and an AGM venue in the ordinary course of business. The value of the transactions in the financial year ended 30 June 2018 amounted to $2,750 (2017: $3,150)

There were no other transactions with key management personnel, other than as disclosed in the *Remuneration Report*.

Note 18 Remuneration of auditors

	2018	2017
	$	$
Audit or review of the financial reports of the Company	**31,304**	34,812
Balance at the end of the year	**31,304**	34,812

Notes to the Financial Statements
For the financial year ended 30 June 2018

Note 19 Contingencies

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2018 or 30 June 2017 other than:

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Company has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

(ii) Contingent assets

There were no material contingent assets as at 30 June 2018 or 30 June 2017.

Note 20 Commitments

(a) Exploration

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Company's exploration programmes and priorities. As at reporting date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and which cover the following twelve month period amount to $138,000 (2017: $138,000). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners.

(b) Contractual Commitment

There are no material contractual commitments as at 30 June 2018 (2017: nil) other than those disclosed above in the Financial Statements.

Note 21 Related party transactions

There were no related party transactions during the year, other than disclosed at Note 17.

For personal use only

Notes to the Financial Statements
For the financial year ended 30 June 2018

For personal use only

Note 22 Interests in joint operations

Joint arrangement agreements have been entered into with third parties. Details of these agreements are disclosed below.

Assets employed by these joint ventures and the Company's expenditure in respect of them is brought to account initially as capitalised exploration and evaluation expenditure until a formal joint venture agreement is entered into. Thereafter, investment in joint ventures is recorded distinctly from capitalised exploration costs incurred on the Company's 100% owned projects.

The Company has the following joint ventures which are classed as joint operations:

Joint Venture Project	Percentage Interest	Principal Exploration Activities
Beyondie Iron	80% (2017: 80%) Fenix Resources Ltd 20% (2018: 20%) De Grey Mining Limited	Iron Ore, Vanadium, Manganese

Under an agreement entered into with De Grey Mining Limited on 1 May 2008, Fenix Resources Limited has rights to 80% of the iron ore, vanadium and manganese on EL52/1806 and EL52/2215. The Company will sole fund the tenements until it makes a decision to mine. De Grey Mining Limited may then contribute on its 20% interest basis or convert to a 2% net smelter royalty.

The Company's interest in exploration expenditure in the above mentioned Joint Venture is as follows:

	Beyondie 80%
Non-Current Assets	
Exploration and Evaluation Asset	4,944,230
Expenditure written off	(1,296,210)
	3,648,020
Impairment	(3,648,020)
Carrying Amount	**-**

Note 23 Events occurring after the balance date

Subsequent to the period on 20 August 2018, the Company advised that in connection with the proposed $4.5 million re-compliance capital raising and the acquisition of Prometheus Mining Pty Ltd (PML), the company has entered into an agreement with CPS Capital Group Pty Ltd (CPS Capital) to underwrite the $2m priority offer (Underwriting).

CPS capital has agreed to underwrite the proposed priority offer to existing FEX shareholders of up to 50,000,000 shares at $0.004 per share to raise $2,000,000 (Underwritten Amount). In consideration for the underwriting the Company will pay CPS capital and underwriting fee of 1% of the underwritten amount and 5% of the total subscription amount of the shortfall shares from the priority offer. In

addition, the Company will issue CPS capital and other parties who participate in the shortfall from the Priority Offer 25 million options exercisable at $0.08 each expiring three years from the date of issue, at an issue price of $0.01 per option (Underwriting Options).

The Company has completed its due diligence on PML and the iron Ridge DSO Hematite Project and has dispatched a notice of meeting to shareholders to approve the transaction.

On 29 August 2018, the company advised that Mr Bevan Tarratt was appointed Non-Executive Chairman replacing Mr Edmond Yao as Chairman who would remain Non-Executive Director until completion of the acquisition of Prometheus Mining Limited.

On 10 September 2018 shareholders approved, amongst other things, the following member resolutions:

- The Acquisition Agreement to acquire PML;
- The issue of $600,000 in convertible notes that will convert into FEX shares.
- The $4.5 million re-compliance capital raising;
- A consolidation of capital on the basis that every 5 ordinary shares be consolidated into 1 ordinary share;
- The Company's name being changed to Fenix Resources Limited;
- The appointment of Mr Robert Brierley and Mr Garry Plowright as Directors of the Company effective from completion of the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules; and
- Adoption of the Fenix Resources Employee Securities Incentive Plan and issues of options under the Plan to directors and advisers.

Other than as set out above there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Transaction costs of $230,452 have been incurred during the year.

Note 24 Reconciliation of loss after tax to net cash inflow from operating activities

	Note	**2018** **$**	2017 $
Loss after tax		**(923,420)**	(554,617)
Non-cash items:			
Depreciation expense		**2,375**	2,776
Exploration costs impaired/written off		**57,043**	118,817
Changes in net assets and liabilities:			
(Increase)/decrease in trade and other receivables		**(19,682)**	(2,785)
Increase/(decrease) in trade and other payables		**71,466**	(14,663)
		(812,218)	(450,472)

There were no non-cash financing and investing activities undertaken during the year.

For personal use only

For personal use only

Note 25 Earnings per share

	2018 cents	2017 cents
a) Basic earnings per share		
Loss attributable to ordinary equity holders of the Company	**(0.41)**	(0.24)
b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the Company	**(0.41)**	(0.24)
	$	$
c) Loss used in calculation of basic and diluted loss per share		
Loss after tax from continuing operations	**(923,420)**	(554,611)
	No.	No.
d) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic and dilutive loss per share	**226,991,001**	226,991,001

At 30 June 2018 the Company had on issue nil options (2017: nil) over ordinary shares that are not considered to be dilutive to its reported loss for the year.

Fenix Resources Limited
ABN 68 125 323 622

Directors' Declaration

In the opinion of the Directors of Fenix Resources Limited ("the Company")

(a) the financial statements and notes set out on Pages 21-42 are in accordance with the Corporations Act 2001, including:

  (i) complying with Australian Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  (ii) giving a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Company; and
  (iii) complying with International Financial Reporting standards as disclosed in Note 1.

(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.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer, or equivalent, for the financial year ended 30 June 2018.

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

Signed at Perth this 25th day of September 2018



Bevan Tarratt
Non-Executive Chairman

For personal use only

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9480 2050
E info.wa@au.gt.com
W www.grantthornton.com.au

For personal use only

Independent Auditor's Report

To the Members of Fenix Resources Limited (previously Emergent Resources Limited)

Report on the audit of the financial report

Opinion

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

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

a Giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

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

Basis for opinion

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

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

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Material uncertainty related to going concern

We draw attention to Note 1(a) in the financial statements, which indicates that the Company incurred a net loss of $923,420 during the year ended 30 June 2018, and a cash outflow from operating activities of $812,218. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. 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.

Except for the matter described in the *Material uncertainty related to going concern* section, we have determined that there are no other key audit matters to communicate in our report.

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

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

Our opinion on the financial report does not cover the other information and 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

For personal use only

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 13 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Fenix Resources Limited (previously Emergent Resources Limited), for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner – Audit & Assurance

Perth, 25 September 2018

For personal use only

ASX Additional Information

Pursuant to the Listing Rules of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 12 September 2018.

a. Distribution of Equity Securities

Listed Shares

Range	Number of Holders	Securities Held
1 – 1,000	55	21,002
1,001 – 5,000	93	292,292
5,001 – 10,000	127	1,113,442
10,001 – 100,000	375	16,264,996
100,001 and over	252	209,299,269
	902	226,991,001

There are 541 shareholders holding unmarketable parcels represented by 8,894,503 shares.

b. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number	%
DAVID ARGYLE	22,699,609	10.00

c. Twenty Largest Shareholders

Position	Holder Name	Holding	% IC
1	ZERO NOMINEES PTY LTD	22,699,609	10.00%
2	NATIONAL HYDROCARBONS PTY LTD <FISCHER SUPER FUND A/C>	6,166,667	2.72%
3	MR ZHIHAO LIANG	5,734,238	2.53%
4	MR IANAKI SEMERDZIEV	5,685,434	2.50%
5	MGL CORP PTY LTD	4,658,320	2.05%
6	WABOC PTY LTD <FISCHER SUPER FUND A/C>	4,016,667	1.77%
7	ANGELINE PTY LTD <GOLDNER SUPER FUND ACCOUNT>	4,000,000	1.76%
7	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	4,000,000	1.76%
8	FORTUNE CORPORATION AUSTRALIA PTY LTD	3,968,000	1.75%
9	QUARTZ MOUNTAIN MINING PTY LTD <THE BASS FAMILY A/C>	3,500,000	1.54%
10	DESTINATIONSECRET COM PTY LTD	3,333,333	1.47%
11	MRS LILIANA TEOFILOVA	3,332,630	1.47%
12	DR SALIM CASSIM	3,000,000	1.32%
13	W D KING PTY LTD <WD KING SUPER A/C>	2,440,000	1.07%
14	MS KELLEY MARIE ATTIAS	2,000,292	0.88%
15	A22 PTY LIMITED	2,000,000	0.88%
15	MR TIMOTHY LEONARD WEIR & MS VANYA MARIAN KELLEHER <THE TIM WEIR SUPER FUND A/C>	2,000,000	0.88%
15	PAMPLONA CAPITAL PTY LTD	2,000,000	0.88%
15	MR NICOLA DEL POPOLO	2,000,000	0.88%

15	QUANTUM AM PTY LTD <COOPER SUPER A/C>	2,000,000	0.88%
15	GREENSEA INVESTMENTS PTY LTD	2,000,000	0.88%
15	MR MIROSLAW JAN MARZEC & MRS BARBARA ANNE WISZNIEWSKI <MARZEC FAMILY S/FUND A/C>	2,000,000	0.88%
15	MR MATTHEW DEAN QUINN	2,000,000	0.88%
15	ATELETA PTY LTD <G & G SUPERANNUATION A/C>	2,000,000	0.88%
15	HELMET NOMINEES PTY LTD <TIM WEIR FAMILY FUND A/C>	2,000,000	0.88%
16	HUMBLE PTY LTD <HUMBLE FAMILY A/C>	1,969,000	0.87%
17	P G HOWARTH PTY LTD	1,956,642	0.86%
18	RON BORLAND REAL ESTATE PTY LTD <SUPER FUND ACCOUNT>	1,859,514	0.82%
19	MR STEVE DEVET <STEVE & YVONNE DEVET SF A/C>	1,800,000	0.79%
20	HUSTLER INVESTMENTS PTY LTD	1,789,434	0.79%
	Total	**107,909,780**	**47.52%**
	Total issued capital - selected security class(es)	**226,991,001**	**100.00%**

d. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

e. Restricted Securities

There are no restricted securities.

f. On-Market Buybacks

The Company is not currently undertaking any on-market buyback of its shares.

g. Corporate Governance

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: http://fenixresources.com.au/corporate-governance/

For personal use only