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# AURIS MINERALS LIMITED
# ANNUAL REPORT
# 30 JUNE 2019

ABN 77 085 806 284

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## DIRECTORS

| | |
|---|---|
| Neville Bassett | Non-Executive Chair |
| Brian Thomas | Non-Executive Director |
| Craig Hall | Non-Executive Director |
| Robert Martin | Non-Executive Director |

## CHIEF OPERATING OFFICER

Mike Hendriks

## COMPANY SECRETARY

Mark Clements

## AUSTRALIAN BUSINESS NUMBER

77 085 806 284

## REGISTERED AND PRINCIPAL OFFICE

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## AUDITORS

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Level 2, 267 St Georges Terrace
Perth, Western Australia 6000

## SOLICITORS

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Level 4, The Read Buildings
16 Milligan Street
Perth, Western Australia 6000

## AUSTRALIAN SECURITIES EXCHANGE

Level 40, Central Park
152-158 St Georges Terrace
Perth, Western Australia 6000

## ASX CODES

Ordinary Shares: AUR

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Dear Valued Shareholder,

I am pleased to present the Auris Minerals Annual Report for the financial year ended 30 June 2019 ("FY 2019").

The 2019 financial year was another very busy period for Auris, reflected by the extensive body of exploration work reported during the year. Our exploration efforts were underpinned by a commitment to sensibly rationalise the Company's tenement holdings and corporate cost base where possible, to ensure resources were deployed towards extracting maximum value from our 1,520km² landholding in the Bryah Basin.

Upon reviewing the past 12 months one of the key takeaways from an exploration perspective was that our technical team significantly improved their knowledge of this highly prospective and geologically complex region. This has enabled our team to make well calculated decisions on exploration expenditure and future strategy. Although an economic discovery has not yet been realised, our confidence in the Bryah Basin as an exploration jurisdiction remains steadfast.

Further, I believe our shareholders can take great comfort from our excellent working relationships with the likes of Sandfire Resources NL (ASX: SFR), and Sandfire's ongoing support speaks to the underlying potential of our tenement package. Sandfire have publicly stated that they are committed to continuing an aggressive exploration programme in the Bryah Basin in search of the next copper discovery to support the DeGrussa Mill.

Some of the key highlights from the past 12 months have been summarised below:

- Comprehensive drilling programmes completed across our portfolio comprising 83 air core holes for 7,328 metres, 17 RC holes for 3,924 metres, and four diamond holes for 1,302 metres;
- Cu-Au geochemical soil anomalism defined at Cashman along the Karalundi trend;
- Additional highly prospective new areas identified at the Feather Cap and Horseshoe Well Projects, resulting from a comprehensive historical review;
- As mentioned above, we continue to maintain a robust partnership with Sandfire Resources who have spent in excess of $9.4m on the highly prospective JV Morck Well East and Doolgunna Projects since commencement of the JV in February 2018;
- Auris strengthened its exploration team with Matt Svensson appointed Exploration Manager in February 2019. In addition, two highly experience and successful consulting geologists were engaged to compile historical data to further develop targets and advance our exploration programmes;
- Auris completed $1m non-renounceable option entitlement issue which was fully underwritten by Pinnacle Corporate Finance Ltd, providing the Company with added financial flexibility;
- Auris received a $150,000 R&D grant for expenditure incurred during the previous financial year;
- All costs, assets and tenure has been thoroughly reviewed. As part of this processes, seven tenements were relinquished during the year;
- A key result of the cost review has been bringing the "data base" management back in-house. A full review of all data is in progress as Auris restructures this invaluable asset.
- During the year Auris earned a 70% interest in the Cheroona JV tenements held with Northern Star Resources (ASX: NST);
- Auris has continued to implement a strong community engagement programme with the local people and surrounding communities that we work in.

Although not reflected in the share price over the past 12 months, I am confident that Auris is now very well positioned to achieve exploration success and my optimism is supported by the following:

- High grade copper intersections have been reported at the Forrest – Wodger project, reinforcing the prospectivity for a VHMS discovery in the area. It is important to note that these intersections are in comparable lithologies to the WestGold Resources Limited's (ASX: WGX) impressive Fortnum Gold and Starlight VHMS intersections;

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- We have renewed excitement for the Horseshoe Well and Milgun Project based on recently discovered historical data which highlighted considerable gold potential. This area hosts unexplored ground for Cu-Au VHMS with target stratigraphy undercover;
- Continued aggressive exploration by JV partner Sandfire Resources on the prospective VMS Morck Well and Doolgunna JV tenements;
- The Cashman Project remains underexplored with known mineralisation hosted by the prospective Karalundi Formation which hosts the high grade DeGrussa Cu-Au deposit. The recently announced Farm-in with Sandfire Resources on the 100% owned tenements will fast track exploration in this area;
- Our tenement package remains arguably one of the most prospective ground positions for gold and base metal discoveries to be made in the Bryah Basin.

Finally, I would like to take this opportunity to thank all shareholders for their ongoing support over the past 12 months and our team looks forward to reporting regular updates on what is shaping to be another highly productive year ahead.

Yours sincerely,



**NEVILLE BASSETT**

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The directors present their report together with the financial report of Auris Minerals Limited (the Company or Auris), for the year ended 30 June 2019 and the auditor's report thereon.

## 1. Directors

The directors of the Company at any time during or since the end of the financial year are:

| Name | Period of Directorship |
|---|---|
| Mr Neville Bassett – Non-Executive Chair | Appointed 20 April 2018 |
| Mr Robert Martin – Non-Executive Director | Appointed 2 November 2016 |
| Mr Brian Thomas – Non-Executive Director | Appointed 20 April 2018 |
| Mr Craig Hall – Non-Executive Director | Appointed 1 August 2018 |
| Ms Bronwyn Barnes – Non-Executive Director | Appointed 25 November 2016, held position of Non-Executive Chair to 20 April 2018, Removed 1 August 2018 |

The qualifications, experience, interest in shares and options, and other directorships of the directors in office at the date of this report and during the financial year are:

**Current Directors**

| **Neville Bassett** | **Non-Executive Chair** |
|---|---|
| Experience and expertise | Mr Bassett is a Chartered Accountant specialising in corporate, financial and management advisory services. He has been involved with numerous public company listings and capital raisings. His involvement in the corporate arena has also taken in mergers and acquisitions and includes significant knowledge and exposure to the Australian financial markets. He has a wealth of experience in matters pertaining to the Corporations Act, ASX listing requirements, corporate taxation and finance. Mr Bassett is a Fellow of Chartered Accountants Australia and New Zealand. He was a Director/Councillor of the Royal Flying Doctor Service in Western Australia for 26 years, serving 8 years as Chairman before his retirement in 2017. He served 6 years as Western Operations representative on the National Board of the Australian Council of the Royal Flying Doctor Service of Australia. Mr Bassett was awarded a Member of the Order of Australia (AM) in the 2015 Australia Day Honours. |
| Interest in Shares and Options | 1,100,000 ordinary shares and 4,275,000 options in Auris Minerals Limited. |
| Listed company directorships in last three years | Currently a Non-Executive Director of Pointerra Limited (ASX: 3DP), Metalsearch Ltd (ASX: MSE), Yowie Group Ltd (ASX: YOW) and Pharmaust Australia Ltd (ASX: PAA). Previously a Non-Executive Director of Quantify Technology Holdings Ltd, Longford Resources Ltd, Meteoric Resources NL and Vector Resources Ltd. |

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| | |
|---|---|
| **Robert Martin** | **Non-Executive Director** |
| Experience and expertise | Mr Martin is a major shareholder in the Company and has extensive experience in ASX listed companies.<br>Mr Martin is also a director and the largest private shareholder (22.8%) of Bulletin Resources Limited (ASX: BNR).<br>Mr Martin played a key role in the BNR joint venture with Pantoro (ASX: PNR) to establish the highly successful Halls Creek gold mine. |
| Interest in Shares and Options | 31,151,486 ordinary shares and 25,219,762 options in Auris Minerals Limited and 2,000,000 performance rights expiring 22 November 2020. |
| Listed company directorships in last three years | Non-Executive Director of Bulletin Resources Limited (ASX: BNR) |
| **Brian Thomas** | **Non-Executive Director** |
| Experience and expertise | Mr Thomas is the principal of a corporate advisory practice working with small to mid-market capitalisation companies in corporate finance, mergers & acquisitions and investor relations. He has held both Executive and Non-Executive Director roles with numerous ASX listed and unlisted companies after an extensive career in the financial services sector in corporate stockbroking, investment banking, funds management and banking. He has more than 30 years of mining and exploration industry experience in a broad range of commodities from precious and base metals, bulk and industrial minerals, diamonds plus oil and gas.<br>Mr Thomas graduated from the University of Adelaide with a BSc in Geology and Mineral Economics, the University of Western Australia Business School with an MBA and the Securities Institute of Australia (now FinSIA) with a Graduate Certificate in Applied Finance and Investment. |
| Interest in Shares and Options | 4,000,000 options in Auris Minerals Limited. |
| Listed company directorships in last three years | Mr Thomas is currently an Interim Non-Executive Director of Hardey Resources. He was formerly a Non-Executive Director of Cougar Metals NL (ASX: CGM) and Tempo Australia Ltd (ASX: TPP) as well as a Non-Executive Director of Orinoco Gold Limited before becoming the, now former, Non-Executive Chairman. |
| **Craig Hall** | **Non-Executive Director** |
| Experience and expertise | Mr Craig Hall is an experienced geologist with over 30 years of minerals industry experience in exploration, development and production roles in a range of commodities, principally precious and base metals. He has held a variety of senior positions with mid-tier and junior sector resource companies within Australia and overseas. He has previously consulted to the minerals industry providing high quality exploration outcomes, on-site mining support, expert reporting, project valuations and strategic advice to companies through an association with a well-respected Western Australian resource consultancy. Until 6 August 2018, Mr Hall served as a Non-Executive Director of Eclipse Metals Ltd (ASX: EPM) an Australian exploration company focused on exploring the Northern Territory and Queensland for uranium and manganese mineralisation. |
| Interest in Shares and Options | 4,000,000 options in Auris Minerals Limited. |
| Listed company directorships in last three years | Mr Hall is currently a Non-Executive Director of Horseshoe Metals Ltd (ASX: HOR), Scorpion Minerals Ltd (ASX: SCN) and Target Energy Ltd (ASX: TEX). Mr Hall was a Non-Executive Director of Eclipse Metals Ltd. |

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**Former Director**

| **Bronwyn Barnes** | **Non-Executive Director – Removed 1 August 2018** |
|---|---|
| Experience and expertise | Ms Barnes is a mining industry executive and consultant with over 23 years' experience that includes, investor relations, stakeholder relations (including Government relations), heritage and native title, corporate development and strategic planning. Most recently she was Executive Chair of Windward Resources Ltd where she oversaw the successful on market takeover of Windward by Independence Group NL and before this spent 4 years as deputy CEO of AMC Bauxite Ltd and 2 years as Managing Director of Graynic Metals Pty Ltd. Ms Barnes has held positions both in the minerals and energy sectors of the mining industry including, WMC, BHPB Nickel West, Anaconda Nickel, Methanex Australia and Philips Petroleum Australia. |
| Interest in Shares and Options | 1,004,349 ordinary shares in Auris Minerals Limited. |
| Listed company directorships in last three years | Ms Barnes is the Non-Executive Chair of Indiana Resources Limited (ASX: IDA), a Non-Executive Director of MOD Resources Ltd (ASX: MOD) and was formerly the Executive Chair of Windward Resources Ltd and Non-Executive Director of JC International Ltd. |

## 2. Company Secretary

Mr Mark Clements holds the position of Company Secretary, being appointed on 2 July 2012. Mr Clements gained a Bachelor of Commerce degree from the University of Western Australia. He is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors and an affiliated member of the Institute of Chartered Secretaries in Australia. Mr Clements currently holds the position of Company Secretary for a number of publicly listed companies and has experience in corporate finance, accounting and administration, capital raisings and ASX compliance and regulatory requirements.

## 3. Directors' Meetings

Formal meetings of the directors of the Company during the financial year are tabled as follows:

| Director | Meetings eligible to attend | Meetings attended |
|---|---|---|
| Neville Bassett | 9 | 9 |
| Brian Thomas | 9 | 9 |
| Bronwyn Barnes | 1 | 1 |
| Craig Hall | 8 | 8 |
| Robert Martin | 9 | 9 |

## 4. Principal Activities and Review of Operations

### Review of Financial Condition

The Group recorded a loss of $1,845,664 for the year ended 30 June 2019 (2018: loss of $1,317,036). The loss includes an impairment adjustment for exploration and evaluation expenditure of $977,218 (2018: $364,813).

As at 30 June 2019, the Group had net working capital of $1,592,347 (2018: $4,292,433). The Group's net asset position was $20,275,321 (2018: $21,234,734).

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**Exploration Highlights**

Auris is primarily exploring for gold and high-grade copper-gold deposits in the highly prospective Bryah Basin region of Western Australia.

Exploration activities undertaken during the 2019 financial year included:

- Total of 83 air core holes for 7,328m, 17 RC holes for 3,924m and four diamond holes for 1,302.6m completed at the Wodger and Forrest Prospects with mineralised zones remaining open at depth. Re-interpretation of the Forrest Prospect indicated a northerly plunge with the drill programmes intersecting primary copper mineralisation.
- Detailed geological interpretations of the Bryah Basin completed.
- Cashman soil sampling completed; results defined Cu-Au geochemical anomalies along Karalundi Trend.
- Feather Cap and Horseshoe Well Project reviews identify prospective target areas.
- Extensive exploration completed by Sandfire within Morck Well JV ($9.4M to date) comprising Air Core, RC and Diamond drilling, DHEM surveys, moving loop EM surveys and ground gravity surveys.

Summary of operational events subsequent to 2019 financial year included:

- A total of 57 air core holes for 3,953 metres were completed to initially evaluate several historical and recently generated geophysical and/or surface geochemical targets within the Cashman, Feather Cap and Horseshoe Well Projects.
- Auris reported that it had earned a 70% interest of Northern Star Cheroona Joint Venture.
- Milgun (formerly part of Horseshoe Well) Project Review of historical data highlights gold potential within E52/3248.
- Application for exploration licence (ELA52/3740) of approximately 288km², located immediately to the west of current tenement, E52/3248 which forms part of the Milgun Project.
- Results received from air core drilling at Cashman, Feather Cap and Horseshoe Well Project, with encouraging gold intersections received, including:
- 4 metres at 0.41g/t Au from 88 metres (CMAC0016); and
- 4 metres at 0.94g/t Au from 60 metres (WSAC0011).
- Entered into a farm-in agreement with Sandfire Resources NL to advance exploration at the Company's Cashman Project.

**Exploration Portfolio**

With the recent Milgun tenement application Auris has consolidated a 1,520km² copper-gold exploration portfolio in the Bryah Basin comprising seven well defined project areas – Forrest, Cashman, Feather Cap, Horseshoe Well, Milgun, Morck Well and Doolgunna (see Figure 1 below).

In February 2018, Auris entered into a farm-in JV agreement with Sandfire Resources NL with respect to the Morck Well East and Doolgunna Projects covering 442km². Subsequent to year end Auris entered into a second farm-in JV agreement with Sandfire Resources NL with respect to its 100% owned Cashman tenements (ASX release dated 20 September 2019).

Subsequent to the reporting period Auris earned a 70% interest in the Cheroona JV with Northern Star Resources Limited (NST)(ASX: NST). In line with the Company's broader exploration strategy, seven tenements were relinquished during the reporting period due to the interpreted low potential of the tenements to host economic mineralisation.

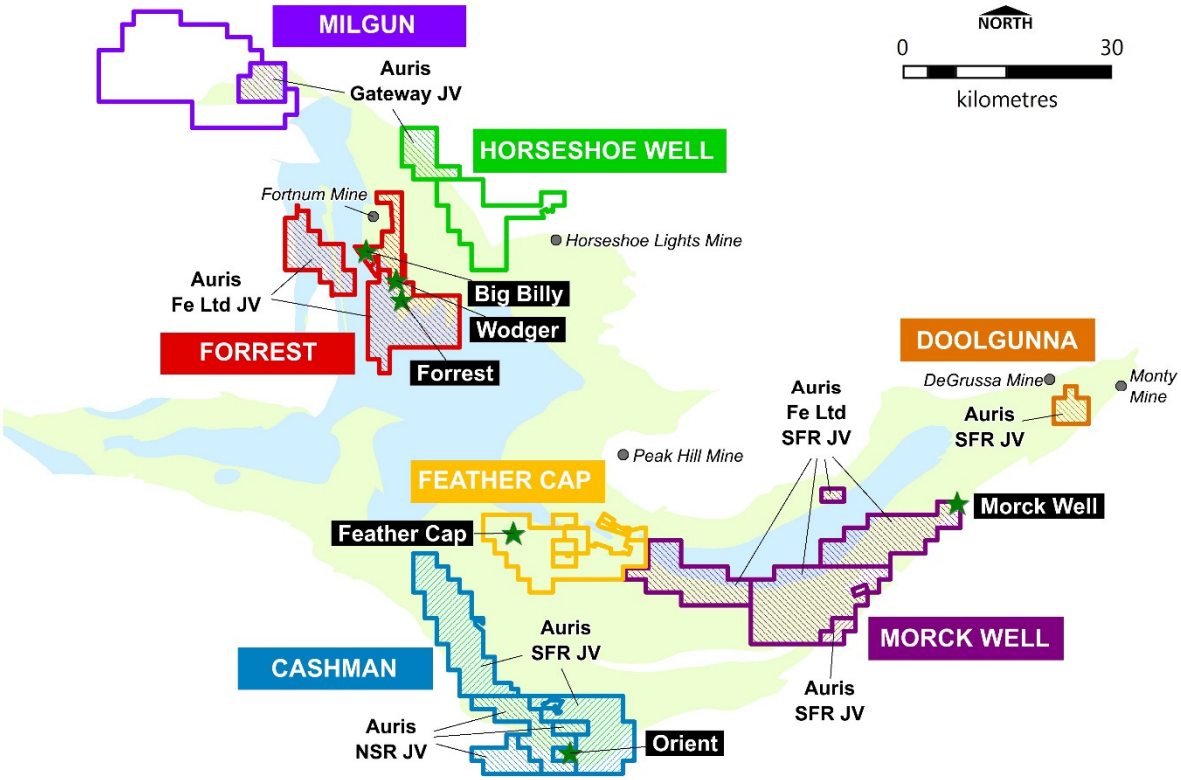



***Figure 1: Auris' copper-gold exploration tenement portfolio, with Sandfire (SFR), Northern Star (NSR), Fe Ltd and Gateway JV areas indicated***

Notes

1. The Forrest Project tenements (Figure 1) have the following outside interests:
   - E52/1659, E52/1671 & P52/1494-6: Auris 80%; Fe Ltd 20% ((Fe Ltd (ASX:FEL) interest is free carried until a Decision to Mine)
   - E52/1659, E52/1671 & P52/1493: Westgold Resources Ltd (ASX:WGX) own the gold rights over the Auris interest.
2. Doolgunna Project tenement E52/2438 – Subject to Farm-in Agreement with Sandfire Resources NL (ASX:SFR) (Figure 1)
3. The Morck Well JV Project tenements E52/1613, E51/1033, E52/1672 (Figure 1) (Auris 80%; Fe Ltd 20%)
   - Subject to Farm-in Agreement with Sandfire Resources NL (ASX:SFR)
4. The Cashman Project tenements E51/1391, E51/1837-38, (Figure 1) have the following outside interests:
   - Auris 70%; Northern Star 30% (ASX:NST)
5. The Cashman Project tenements E51/1053 and E51/1120 - Subject to Farm-in Agreement with Sandfire Resources NL (ASX:SFR)
6. The Horseshoe Well Project tenement E52/3291 (Figure 1) has the following outside interests:
   - Auris 85%; Gateway Projects WA Pty Ltd (formerly OMNI Projects Pty Ltd )15% (Gateway Projectsfree carried until a Decision to Mine)
7. The Milgun Project tenement E52/3248 (Figure 1) has the following outside interests:
   - Auris 85%; Gateway Projects WA Pty Ltd (formerly OMNI Projects Pty Ltd )15% (Gateway Projects free carried until a Decision to Mine)

## Exploration Strategy

Auris' exploration strategy is summarised as follows:

- Targeting the discovery of Gold and Copper-Gold deposits within the Company's strategically positioned tenement package in the Bryah Basin;
- Committed to assessing new strategic project opportunities in line with the Company's broader exploration strategy as they arise;
- Develop the best regional geological control possible (to provide context), by means of published maps, airborne geophysics (magnetics, radiometrics & EM), ground gravity, lithogeochemical analysis and field mapping;

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- Commitment to drill exploration targets as soon as possible after definition or seek JV partners to commit necessary exploration expenditure to fully explore targets;
- Sell, JV or relinquish tenements that no longer fit with the company's exploration strategy; and
- Adhere to highest technical standards across all exploration activities.

**Review of Operations**

***RC and Diamond Drilling at Forrest and Wodger Projects***

An RC drill programme was completed during November / December 2018, with 17 holes drilled totalling 3,924 metres. The drilling programme at the Forrest Prospect was designed to provide further information down dip, and to the north from previously returned RC and diamond drill intersections (see Figures 2 & 3 below). Additionally, drilling was also completed to the south of the prospect to further define the geology and the extent of mineralisation.

At the Wodger Prospect, drilling was designed to further define and extend mineralisation identified to date, and to gain a better understanding of the geometry of mineralisation (see Figures 4 & 5). Significant Cu-Au results from the drilling are listed in Table 1; (ASX Announcement dated 4 February 2019).

***Table 1 – Forrest and Wodger Significant Results (≥0.5% Cu, ≥1g/t Au) – RC Drilling Nov/Dec 2018***

| Prospect | Hole Number | Depth From (m) | Depth To (m) | Interval (m) | Cu (%) | Au (g/t) |
|---|---|---|---|---|---|---|
| **FORREST** | FPRC023 | 38 | 48 | **10** | 0.14 | **2.41** |
| | including | 47 | 48 | **1** | 0.18 | **12.5** |
| | FPRC024 | 12 | 16 | **4** | 0.11 | **2.51** |
| | including | 15 | 16 | **1** | 0.11 | **6.41** |
| | FPRC025 | 120 | 124 | *4 | 0.65 | 0.02 |
| | | 166 | 171 | **5** | **1.13** | **1.95** |
| | including | 167 | 168 | 1 | 1.15 | 6.68 |
| | FPRC027 | 194 | 198 | 4 | 0.63 | 0.5 |
| | | 202 | 208 | **6** | **1.26** | 0.36 |
| | | 233 | 237 | 4 | 0.75 | 1.07 |
| | including | 234 | 236 | 2 | 0.96 | 1.66 |
| | FPRC029 | 276 | 290 | **14** | **1.17** | 0.26 |
| | | 293 | 309 | **16** | **1.55** | 0.06 |
| | including | 294 | 295 | 1 | 3.96 | 0.13 |
| | and | 298 | 299 | 1 | 3.62 | 0.42 |
| | and | 308 | 309 | 1 | 3.99 | 0.02 |

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***Table 1 – Forrest and Wodger Significant Results (≥0.5% Cu, ≥1g/t Au) – RC Drilling Nov/Dec 2018 (continued)***

| Prospect | Hole Number | Depth From (m) | Depth To (m) | Interval (m) | Cu (%) | Au (g/t) |
|---|---|---|---|---|---|---|
| **WODGER** | WDRC011 | 32 | 36 | 4 | 1.07 | <0.01 |
| | | 43 | 46 | 3 | 0.89 | <0.01 |
| | WDRC013 | 101 | 106 | **5** | **1.13** | 0.03 |
| | | 112 | 116 | *4 | 0.51 | 0.49 |
| | | 123 | 127 | 4 | 1.11 | 0.4 |
| | WDRC015 | 72 | 76 | 4 | 0.51 | 0.32 |
| | | 107 | 122 | **15** | **3.36** | **1.86** |
| | including | 108 | 110 | 2 | 6.24 | 1.03 |
| | and | 110 | 111 | 1 | 4.5 | 21.5 |
| | and | 115 | 116 | 1 | 7.87 | 0.36 |
| | WDRC016 | 89 | 96 | **7** | **1** | 0.04 |
| | including | 93 | 96 | 3 | 1.48 | 0.04 |
| | WDRC018 | 305 | 311 | **6** | **2.8** | **1.51** |
| | including | 309 | 310 | 1 | 8.28 | 5.74 |
| | | 314 | 321 | 7 | 1.05 | 0.66 |
| | | 328 | 332 | 4 | 0.55 | 0.04 |

The RC drilling identified north and northwest plunging mineralised zones at Forrest and Wodger Prospects respectively. Diamond drilling was completed during March and April 2019, totalling four holes for 1,302.6 metres, (ASX Announcement dated 29 April 2019). Drilling tested the interpreted down-plunge extensions of mineralisation as well as a Moving Loop EM (MLEM) anomaly to the south of Wodger. A source for the MLEM anomaly at Wodger was not identified as a result of this drilling.

Drilling of the down plunge mineralisation returned further significant results which have been outlined in the below Table 2:

***Table 2 – Forrest and Wodger Significant Results (≥0.5% Cu, ≥1g/t Au) - Diamond Drilling Mar/Apr 2019***

| Prospect | Hole Number | Depth From (m) | Depth To (m) | Interval (m) | Cu (%) | Au (g/t) |
|---|---|---|---|---|---|---|
| **FORREST** | FPDD001 | 123 | 126.72 | 3.72 | 0.92 | 0.08 |
| | including | 124 | 124.25 | 0.25 | 3.23 | 0.43 |
| | and | 125.2 | 125.44 | 0.24 | 2.7 | 0.27 |
| | FPDD002 | 382 | 390.5 | 8.5 | 1.06 | 0.43 |
| | including | 382 | 386 | 4 | 1.59 | 0.09 |
| | and | 389.5 | 390.5 | 1 | 1.55 | 3.33 |
| | | 399 | 402.5 | 3.5 | 0.82 | 5.29 |
| | including | 402 | 402.5 | 0.5 | 3.45 | 37 |
| | | 415.5 | 418.5 | 3 | 1.06 | 0.13 |
| | including | 415.5 | 416 | 0.5 | 1.28 | 0.24 |
| | and | 418 | 418.5 | 0.5 | 3.84 | 0.25 |
| **WODGER** | WRDD005 | 335 | 336.8 | 1.8 | 1.73 | <0.01 |
| | including | 336.6 | 336.8 | 0.2 | 9.62 | 0.1 |

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The diamond drilling programme confirmed the interpretation of northerly and north-westerly plunging controls to mineralisation at Forrest and Wodger Prospects respectively which both remain open and require further evaluation. Importantly, diamond drilling at the Forrest Prospect intersected the first fresh copper sulphides associated with the revised northerly plunge.

Further exploration comprising geophysical surveys and/or diamond drilling is required to further evaluate the mineralised plunges at depth.

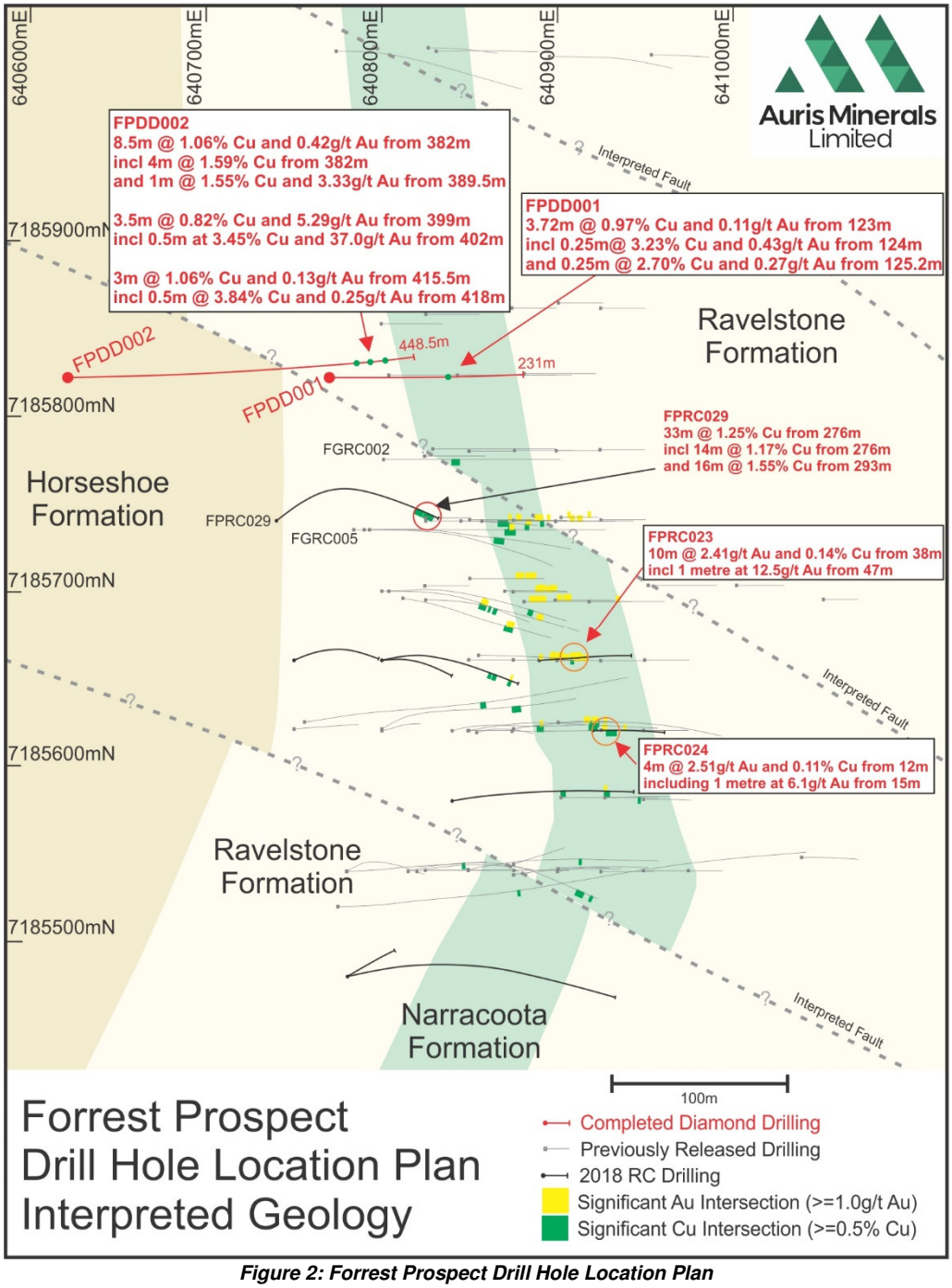



***Figure 2: Forrest Prospect Drill Hole Location Plan***

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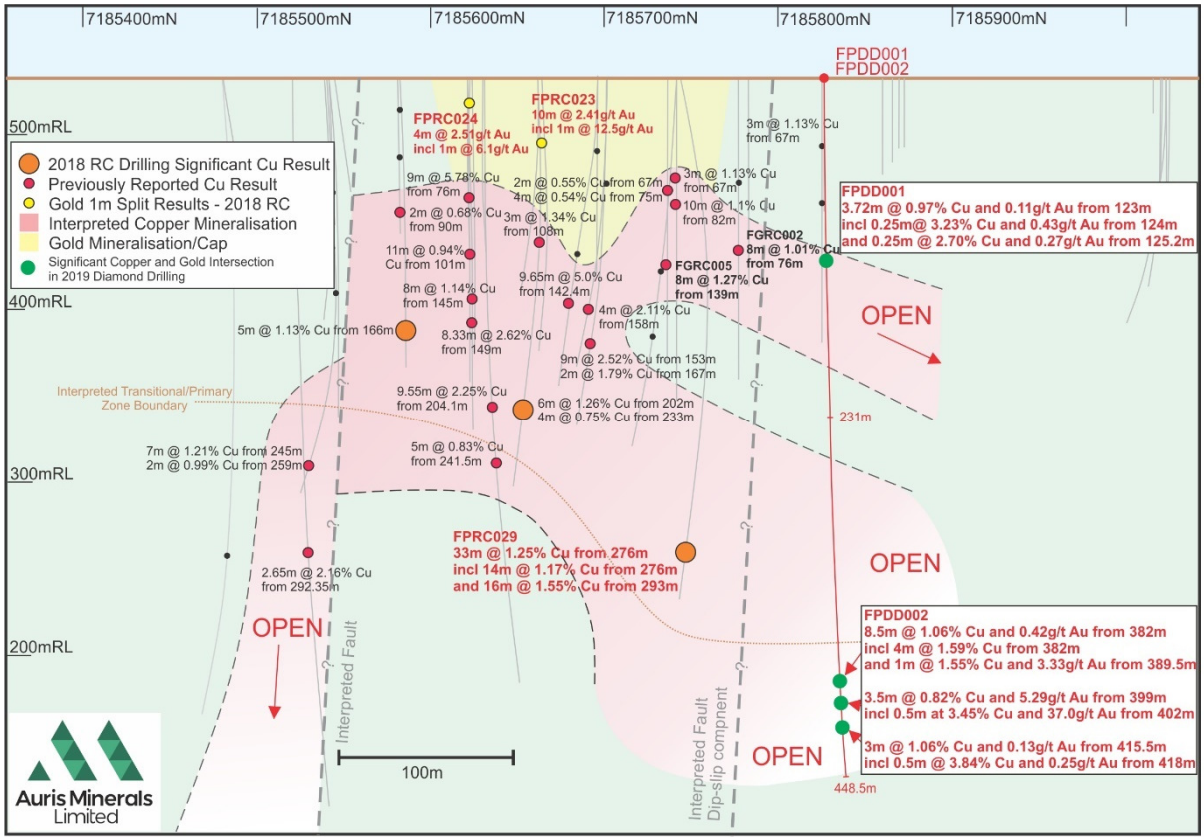



***Figure 3: Forrest Prospect Longitudinal Projection***

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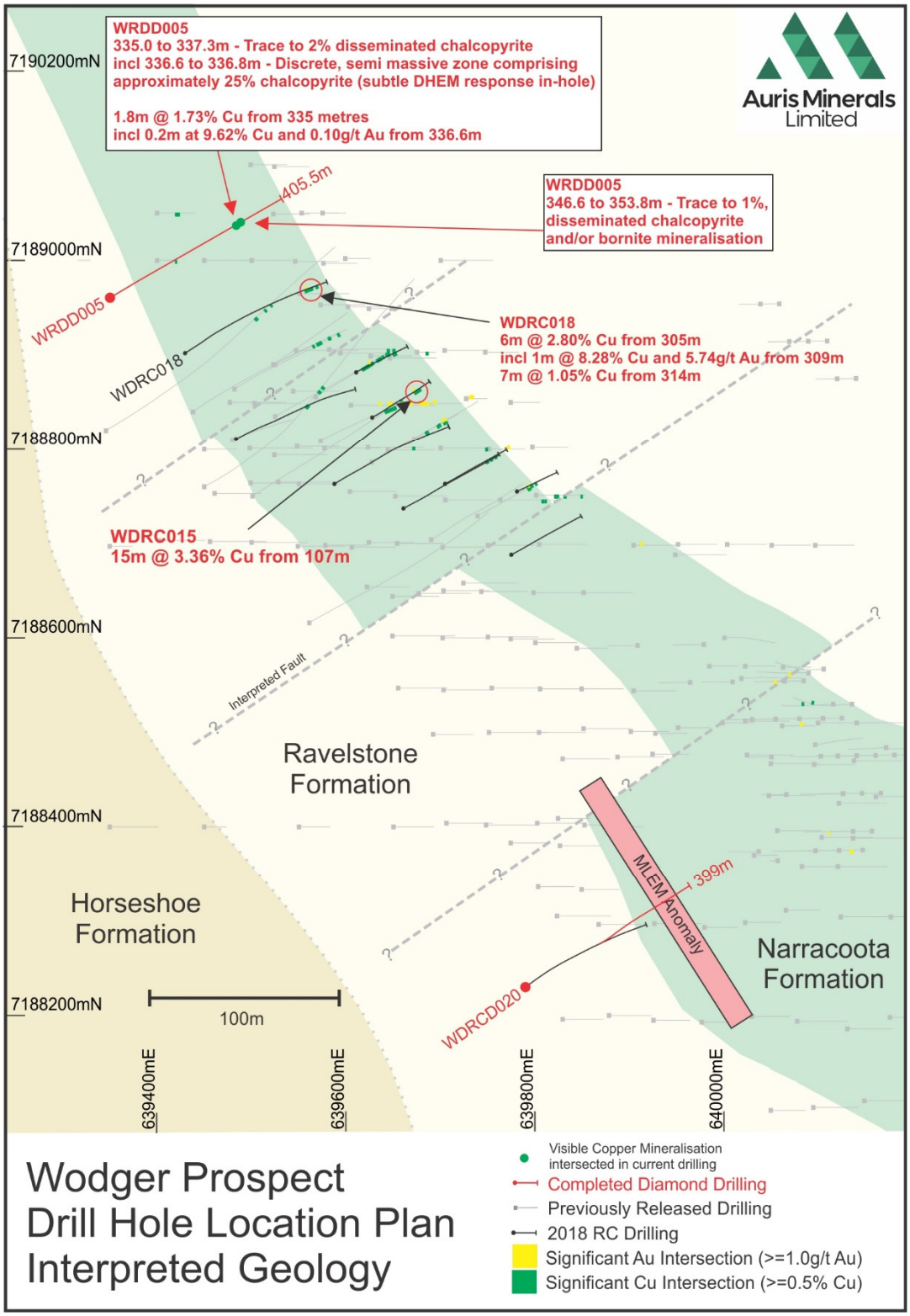



***Figure 4: Wodger Prospect Drill Hole Location Plan***

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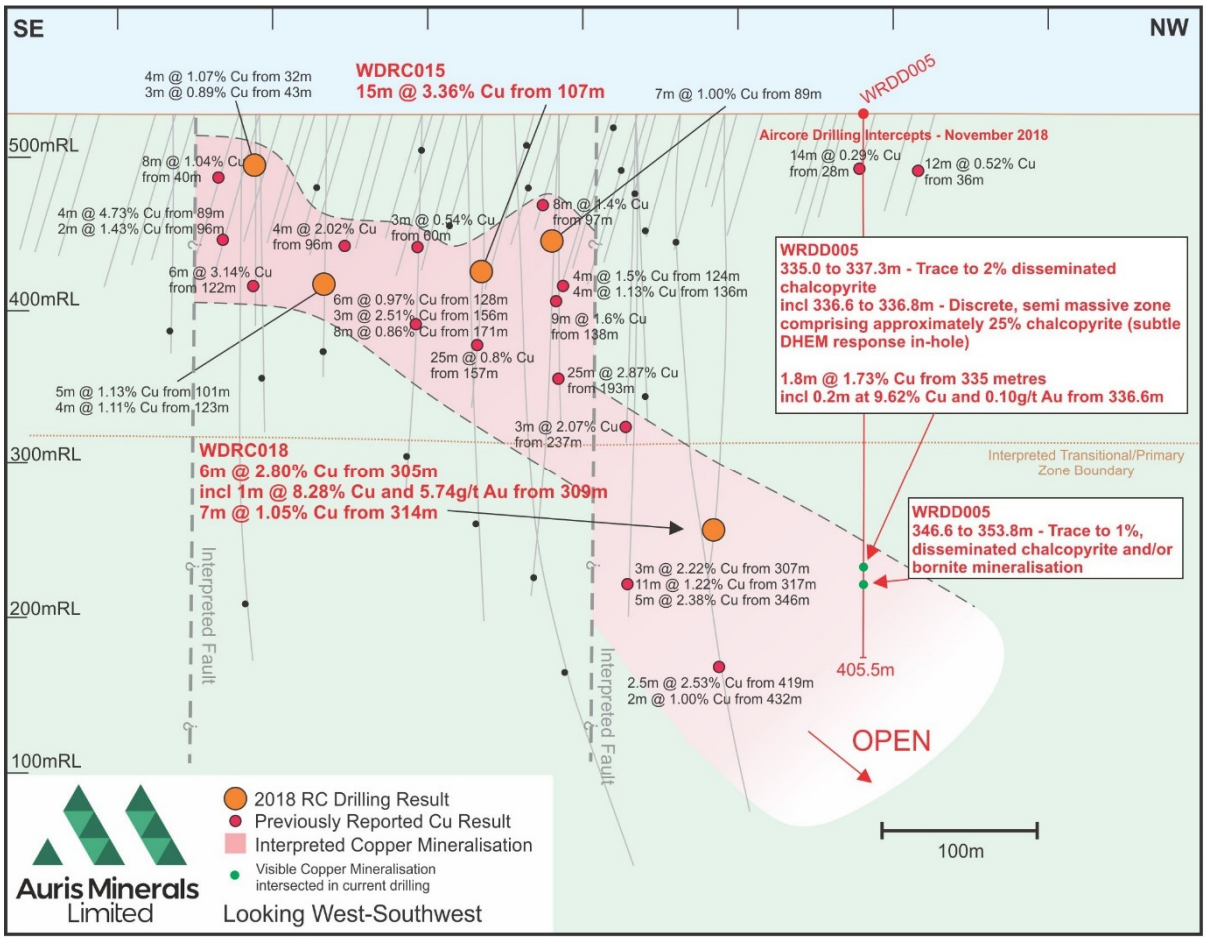



***Figure 5: Wodger Prospect Longitudinal Projection***

### *Forrest Project DHEM*

Downhole EM (DHEM) surveying was completed on three diamond drill holes, (FPDD002, WDRCD020 and WRDD005), during April 2019, and two RC drill holes (FPRC029 and FPRC031) during January 2019. Although no significant anomalous DHEM responses have been identified, a subtle in-hole EM response was identified within WRDD005, centred on the discrete, semi-massive zone of chalcopyrite mineralisation.

### *Forrest Project GAIP*

Gradient array IP Surveys were completed covering the Forrest and Wodger Prospects during October 2018, which provided further information regarding the geology and structure of the prospects. This will assist in future targeting in the Forrest area.

### *New Copper and Gold Targets Identified Between Wodger and Big Billy*

The completion of 83 air core holes for 7,328 metres during September 2018 (ASX announcement dated 5 December 2018) between the Wodger and Big Billy Prospects resulted in the definition of three new copper-gold targets - Wodger North, Big Billy South and VTEM 12 (see Figure 6 below).

It was determined that additional air core drilling is required to further define the anomalism at the above targets. It is also noted that the Westgold Resources Ltd (ASX:WGX) Starlight VHMS intersection is located 6 kilometres north of the Forrest Project, which further highlights the potential of the Forrest – Big Billy trend (see below Figure 7).

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Results have been outlined in the below Table 3:

***Table 3 – Forrest Project Aircore Drilling - September 2018***

| Prospect | Hole Number | Depth From (m) | Depth To (m) | Interval (m) | Cu (%) | Au (g/t) |
|---|---|---|---|---|---|---|
| **WODGER NORTH** | WRAC193 | 56 | 60 | 4 | 0.18 | |
| | WRAC194 | 28 | 42(EOH) | 14 | 0.29 | |
| | | 24 | 32 | 8 | 0.13 | |
| | WRAC203 | 36 | 48 | 12 | 0.52 | |
| | | 68 | 76 | 8 | 0.12 | |
| | WRAC191 | 64 | 68 | 4 | 0.22 | |
| **BIG BILLY** | WRAC165 | 24 | 28 | 4 | | 1.63 |
| | WRAC161 | 20 | 28 | 8 | | 1.02 |
| | WRAC160 | 40 | 44 | 4 | | 0.98 |
| | WRAC155 | 16 | 20 | 4 | 0.80 | 0.49 |
| | WRAC154 | 16 | 20 | 4 | | 0.60 |
| **VTEM 12** | WRAC182 | 44 | 52 | 8 | 0.20 | |
| | | 48 | 55 | 7 | | 0.5 |

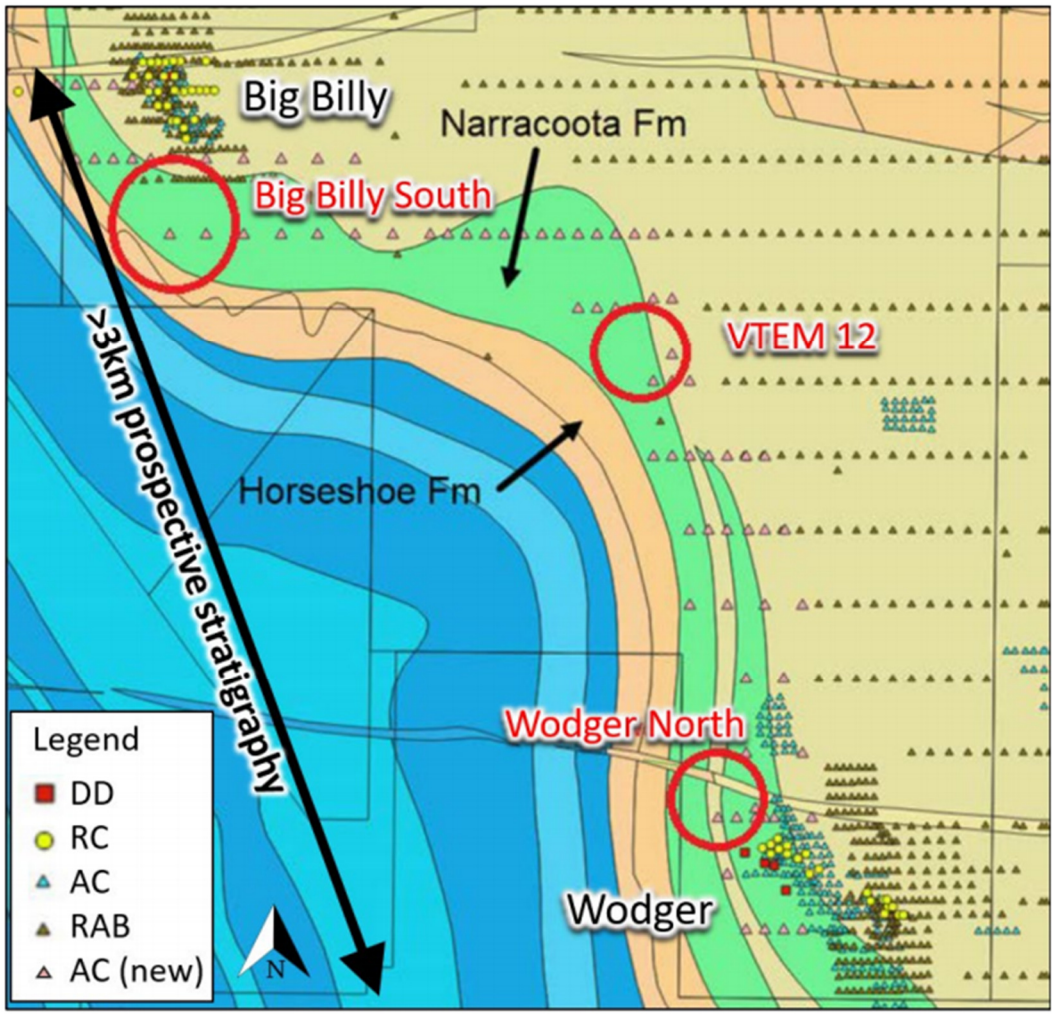



***Figure 6: Air core drill coverage of the Wodger-Big Billy Trend. New holes shown as pink triangles.***

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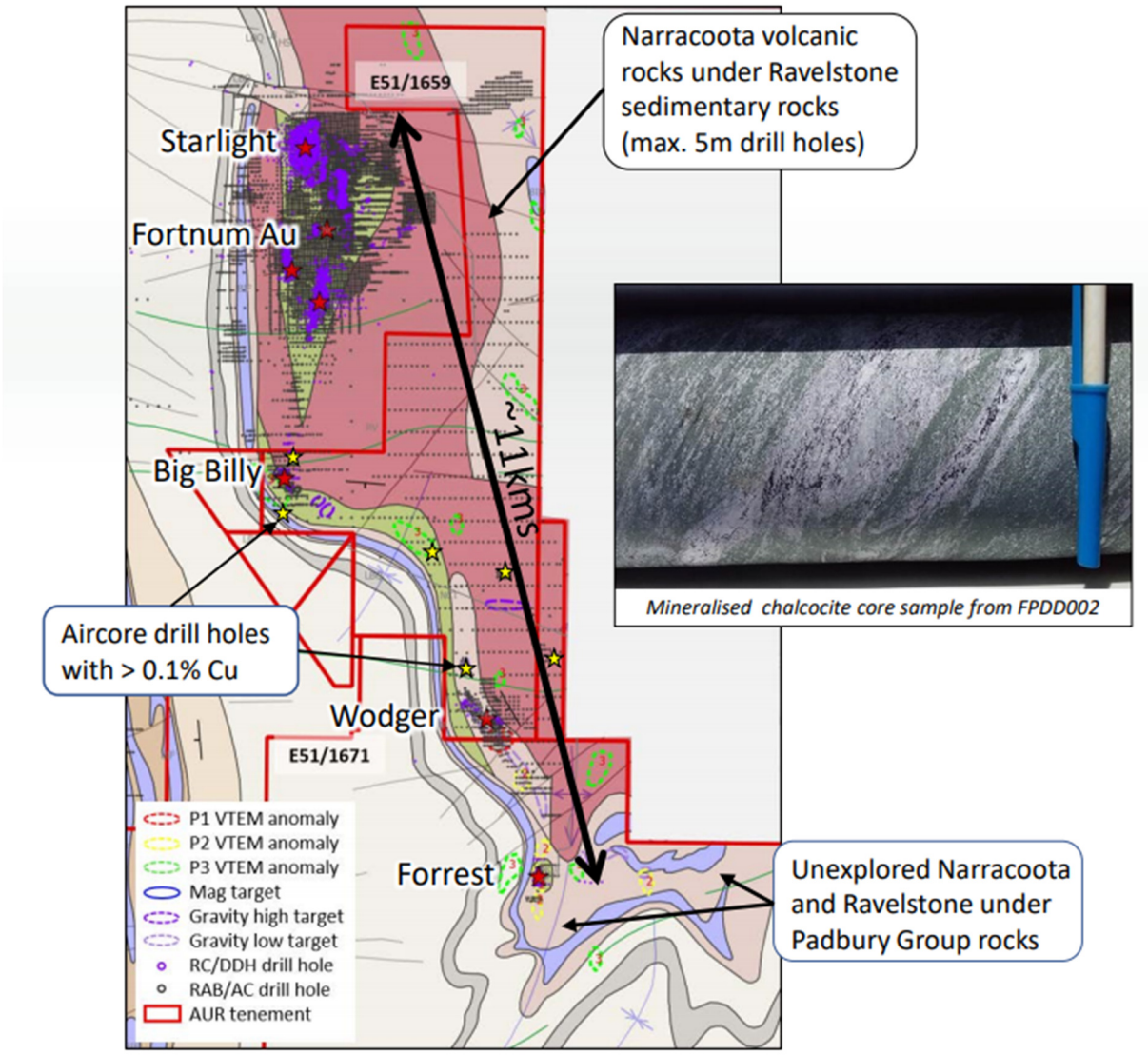



***Figure 7: Forrest Geology, Drilling and Geophysical Targets.***

### *Detailed Geological Interpretations*

A new geological interpretation of the western Bryah Basin, compiled at 1:100,000 (ASX announcement dated 17 July 2018), was complemented with a 1:25,000 scale compilation of the southern end of the Cashman Project and eastern portion of the Forrest Project (see Figure 8). Several conceptual geological targets, including areas of previously unmapped Karalundi and Narracoota Formation (prospective for copper-gold) were identified during the interpretation process.

A detailed review of all historic prospects on the Cashman Project was subsequently completed.

### *Cashman Soil Sampling*

Soil sampling within the Cashman Project completed during July/August 2018, comprised 3,938 samples collected across the Karalundi Formation trend (including the basal unit of the Narracoota Formation) which extends across the southern part of the project. The sample area was extended to ensure previously defined VTEM targets were included (ASX announcement dated 27 July 2018). New Cu-Au geochemical anomalies were defined along the Karalundi Trend.

### *Cashman Project Review*

A review of all exploration work was completed, including 1:10,000 scale field mapping over prospective areas in November 2018. Numerous magnetic and VTEM targets were identified along strike from the Orient Gossan, often correlating with anomalous multi-element geochemistry.

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As a result, an Air Core drill programme was planned to identify the source of these anomalies. RC drilling was also planned to follow up Moving Loop EM (MLEM) targets identified proximal to the Orient Project area.

A number of Cu-Au targets within the Micks Well area have been identified which historically have returned gold in rock chips up to 24.2g/t Au. Historically this area has been explored for gold, with limited base metal analysis. The geology of the area is prospective for Horseshoe Lights-style Cu-Au deposits and Mikhaburra/Durack-style epigenetic gold mineralisation.

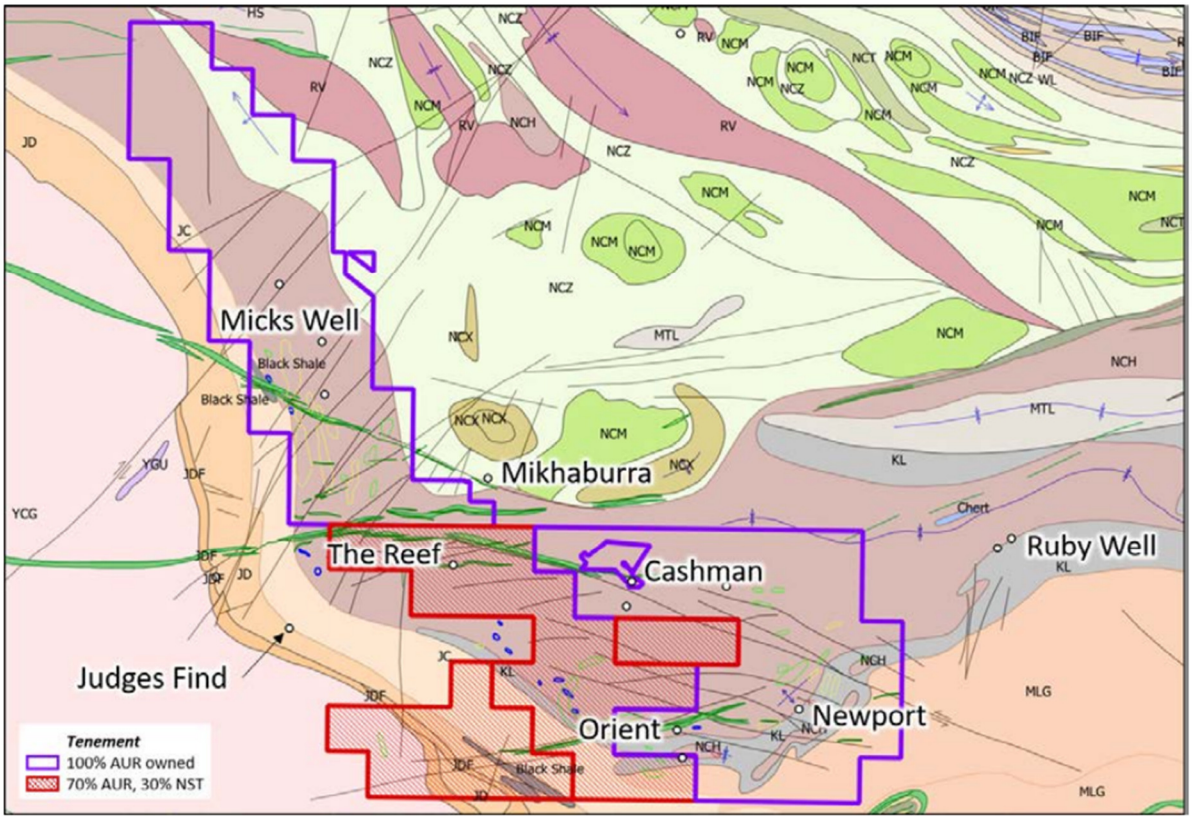



***Figure 8: Geological Interpretation of the Cashman Project***

Subsequent to the reporting period a programme of air core drilling was undertaken to test VTEM and magnetic anomalism with tenement, E51/1120, (ASX Announcement dated 31 July 2019).

***Sandfire Farm-in to Cashman Project***

Subsequent to the reporting period (ASX release dated 20 September 2019), Auris reported that it had entered into a farm-in agreement with Sandfire Resources NL with respect to its 100% owned Cashman tenements E51/1120 and E51/1053 (outlined in purple in figure 8 above).

Under the terms of the Agreement, for Sandfire to earn 70% it must make a "Discovery" defined as a JORC 2012 compliant Mineral Resource of a minimum of 50,000t of contained copper (or metal equivalent), that has greater than 50% in the Indicated classification, then Sandfire may thereafter complete a Feasibility Study on that Discovery.

Sandfire must incur a minimum exploration expenditure of $1.2 million within the next 12 months on Auris' 100% owned Cashman Tenements E51/1053 and E51/1120 and issue Auris 30,000 fully paid ordinary Sandfire shares. Auris is free-carried up to completion of the earn-in at which time a Joint Venture will be formed and Auris may contribute in proportion to its JV interest.

***Auris Earns 70% Interest in Cheroona Joint Venture with Northern Star***

Subsequent to the reporting period (ASX release dated 23 July 2019), Auris advised that it had earned a 70% interest in the Cheroona JV with Northern Star Resources Limited (NST)(ASX:NST). The Cheroona Project tenement package comprises 3 tenements (E51/1391, E51/1837 and E51/1838) for a total of 35 graticular blocks (outlined in red in figure 8 above).

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The farm-in agreement between NST and AUR was executed on 3 December 2013. AUR sole funded the initial earn-in expenditure of $500,000 to earn 51% on 23 March 2016. It has now sole funded a further $800,000 to earn an additional 19% interest, such that the Joint Venture interests are now AUR 70%; and NST 30%.

***Feather Cap Review***

The Feather Cap tenement package (formerly Morck Well West) covers the contact between the Narracoota Formation mafic-ultramafic basalts and the Ravelstone Formation sedimentary rocks - the same stratigraphic location as the Horseshoe Lights Cu-Au and Harmony Au deposits. Historical gold workings are located at Wembley and Durack, with associated structures trending into Auris' tenement package indicating that these tenements are prospective for both orogenic gold and Horseshoe Lights style Cu-Au VHMS mineralisation.

A complete historical data review is currently underway. A small air core drill programme was completed subsequent to the reporting period, (ASX Announcement dated 31 July 2019) which was designed to evaluate the geology associated with historic gold workings (Two Dogs, located in the south of E52/1910-I) which has returned gold in rock chips up to 3.42g/t. Elevated Cu-Au anomalism identified from multi-element analysis of auger results within E52/2472 was also tested.

***Horseshoe Well Review***

The Horseshoe Well project is regionally under explored. Extensive compilation of historical data from Exploration WAMEX reports has been conducted. Although much of the tenement package is covered by the younger Edmund-Collier group rocks, this work has identified that the depth to the prospective Narracoota Formation is likely only 200m in the southern part of the tenement package (E52/3166 and E52/3291) (see Figure 9). VTEM anomalism within E52/3166 coincides with interpreted Narracoota Formation, with historic Cu-Au anomalism identified in the area.

Subsequent to the reporting period a small programme of air core drilling was completed, (ASX Announcement dated 31 July 2019) to evaluate areas of VTEM anomalism and interpreted Narracoota Formation.

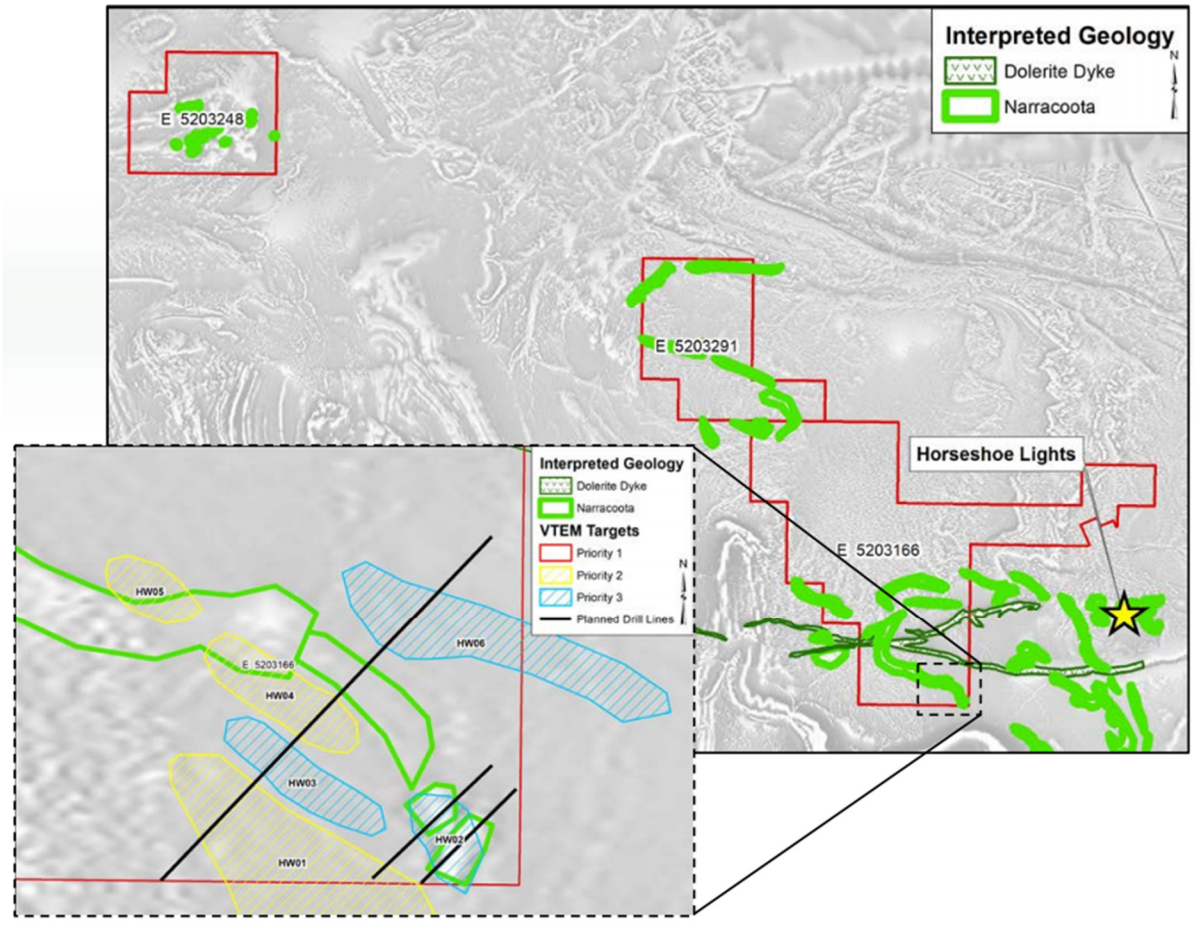


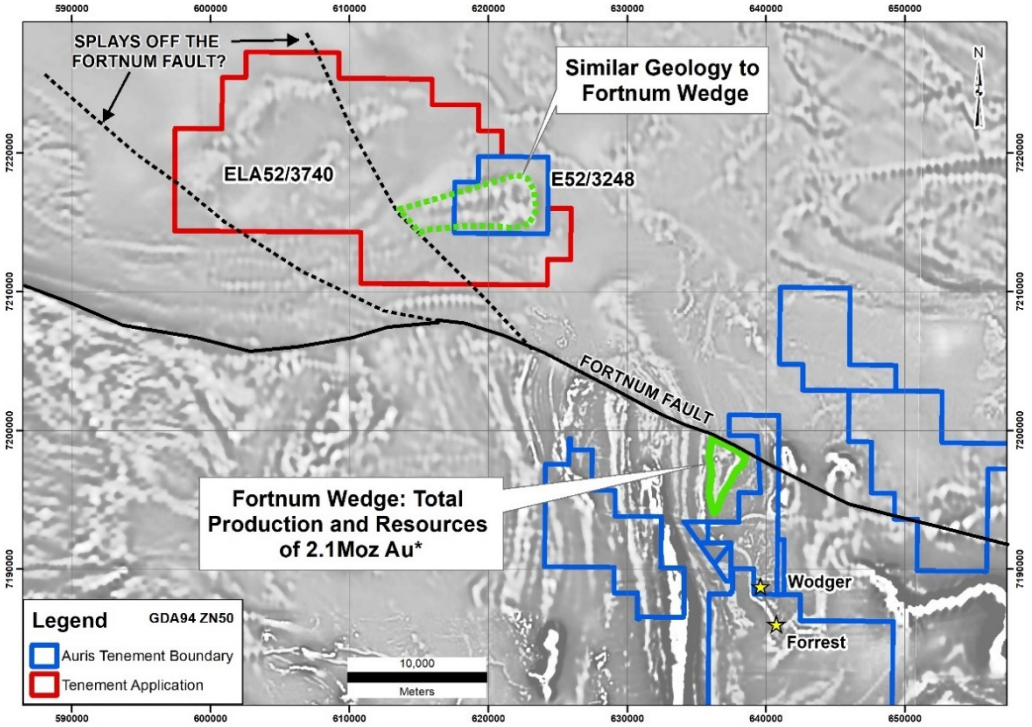

***Figure 9: Interpreted location of Narracoota Formation underlying Bangemall Group Rocks on the Horseshoe Prospects***



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***Milgun (formerly part of Horseshoe Well) Review Results & Tenement Application***

Subsequent to the reporting period (ASX release dated 4 September 2019), Auris applied for an exploration licence (ELA52/3740) of approximately 288km², located immediately to the west of current tenement, E52/3248 which forms part of the Milgun Project, (see Figure 10). The tenement application was made following positive results from a recent review of historic exploration data for the Horseshoe Well Project.




***Westgold Resources Limited announcements – Fortnum Gold Project Update (11 May 2017), 2017 Annual Report (20 October 2017), 2018 Annual Report (26 October 2018).***

***Figure 10 : Location of Tenement Application (ELA52/3740) on Magnetic RTP 1VD image***

The exploration review involved the compilation and review of all historical data on file with WAMEX for the Horseshoe Well Project tenements and surrounds, including E52/3248. The review resulted in the discovery of an abundance of surface sampling, drilling, and detailed geological mapping by Homestake Australia, Dominion Mining and Cyprus Gold Australia which had not been previously compiled and interpreted. Multiple geochemically anomalous zones have been identified within E52/3248, associated with jasperoidal units and quartz veining within interpreted Narracoota Formation lithologies. Additionally, the geology within the tenement area is structurally complex with multiple zones of shearing and faulting interpreted.

Full details of the review can be obtained from the ASX release dated 4 September 2019.

***Encouraging Gold Results Returned from Air Core Drilling***

Subsequent to the reporting period (ASX release dated 9 September 2019), Auris reported results from the regional air core drilling campaign completed to test new targets defined at Cashman, Feather Cap and Horseshoe Well Projects.

A total of 57 first-pass air core drill holes for 3,593 metres were completed to evaluate several historical and recent geophysical and/or surface geochemical targets within the Company's Cashman, Feather Cap and Horseshoe Well Projects, (Fig 11). The completed drilling targeted Au and/or Cu mineralisation associated with the Narracoota Formation and associated contacts, in particular settings analogous to Degussa Cu-Au, Horseshoe Lights Cu-Au and Harmony (Peak Hill) Au Deposits. Positive (≥0.10g/t Au) results returned from composite samples taken from the drilling are listed in Table 4.

Full details of the drilling programme can be obtained from ASX release dated 9 September 2019.

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***Table 4 – Air Core Drilling results - July 2019***

| Project | Hole Number | Easting | Northing | RL | From | To | Interval | Au (g/t) |
|---|---|---|---|---|---|---|---|---|
| Cashman | CMAC0016 | 652500 | 7132850 | 500 | 88 | 92 | 4 | 0.41 |
| Feather Cap | WSAC0011 | 662350 | 7147500 | 500 | 60 | 64 | 4 | 0.98 |

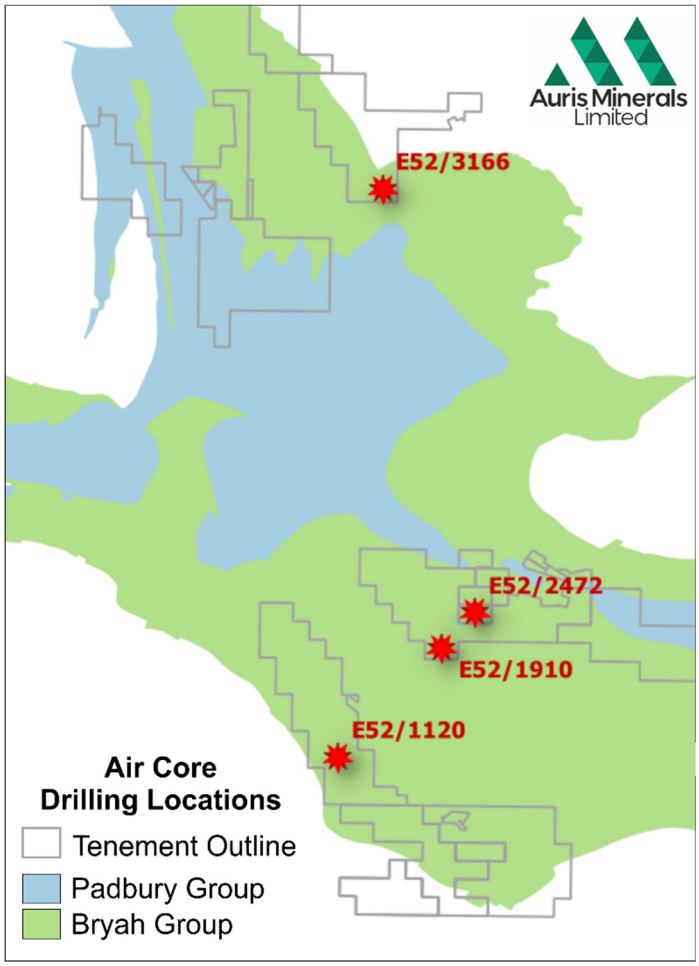



***Figure 11: Areas of Air Core Drilling – July 2019.***

***Morck Well JV - Managed by Sandfire Resources NL (Earning 70% Interest)***

Exploration activities by Sandfire Resources NL (ASX:SFR) for the period included 1,431 air core holes for 102,518m, 39 RC hole for 16,318 metres, five diamond holes for 2,146.5 metres, 18 DHEM surveys, ground EM surveys and ground gravity surveys, (ASX announcements dated 17 October 2018, 29 January 2019, 16 April 2019 and 19 July 2019).

A summary of the completed drilling has been outlined below and in Figure 12.

*Air Core Drilling Results*

Air core drilling was initially completed at a drill spacing of 800x100m to locate the prospective Karalundi and Narracoota Formations, then drilling proceeded on a 400x100m grid. Significant results from the air core drilling programme are reported in the below Table 5:

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***Table 5 – Air core drilling results from Morck Well JV***

| Prospect | Hole Number | Depth From (m) | Depth To (m) | Interval (m) | Cu (%) | Au (g/t) |
|---|---|---|---|---|---|---|
| **MORCK WELL JV** | MWAC0424 | 26 | 27 | 1 | 0.125 | |
| | MWAC0758 | 35 | 45 | 10 | 0.163 | |
| | MWAC1001 | 70 | 75 | 8 | | 1.63 |
| | MWAC1516 | 40 | 45 | 5 | 0.122 | |
| | MWAC1489 | 100 | 102 | 2 | | 1.41 |
| | MWAC1598 | 50 | 55 | 5 | | 1.3 |
| | MWAC1703 | 35 | 40 | 5 | | 1.59 |
| | | 45 | 50 | 5 | | 1.04 |
| | MWAC1706 | 90 | 95 | 5 | | 1.20 |
| | MWAC1715 | 35 | 38 | 3 | | 1.22 |
| | MWAC1703 | 35 | 40 | 5 | | 1.59 |
| | | 89 | 90 | 1 | | 1.08 |
| | MWAC1629 | 35 | 40 | 5 | | 1.14 |

*RC Drilling Results*

RC drilling was also undertaken at the Morck Well JV to test several targets, including the southwest strike extension of the sulphide sediment horizon, which was intersected by previous air core drilling (ASX announcement dated 15 May 2018), zones of anomalous geochemistry in recent air core drilling and/or historical data and geophysical anomalies identified from airborne EM surveying.

Significant results returned from RC drilling included:

- 3m @ 1,155ppm Cu from 144m and 10m @ 2,966ppm Cu from 175m and 1m @ 1,880ppm Cu from 208m and 1m 8,580ppm Cu from 183m (MWRC0010)
- 1m @ 1,890ppm Cu from 314m (MWRC0017)
- 15m @ 993ppb Au from 60m (MWRC0026)

*Diamond Drilling Results*

Results for diamond drilling completed beneath previous air core intercepts including 11m @ 3.5% Cu (MWAC0109 – see AUR and SFR ASX announcements dated 15 May 2018 and 6 June 2018, 20 July 2018) returned:

- 2.88m @ 1.52g/t Au from 212.44m (MWDD0001)
- 0.74m @ 1,880ppm Cu from 905.76m (MWDD0002)
- 1.9m @ 15,560ppm Cu from 181.5m including 0.7m @ 35,000ppm Cu and 1,950ppb Au from 181.5m (MWDD0003A)
- 6.4m @ 4520ppm Cu from 211.6m (MWDD0003A)

Other diamond drilling was completed testing a geophysical anomaly and extensions to shallow RC drilling.

Extensive MLEM and ground gravity surveys across the tenements was also completed. All anomalous EM responses interpreted to be associated with bedrock conductors have now been tested.

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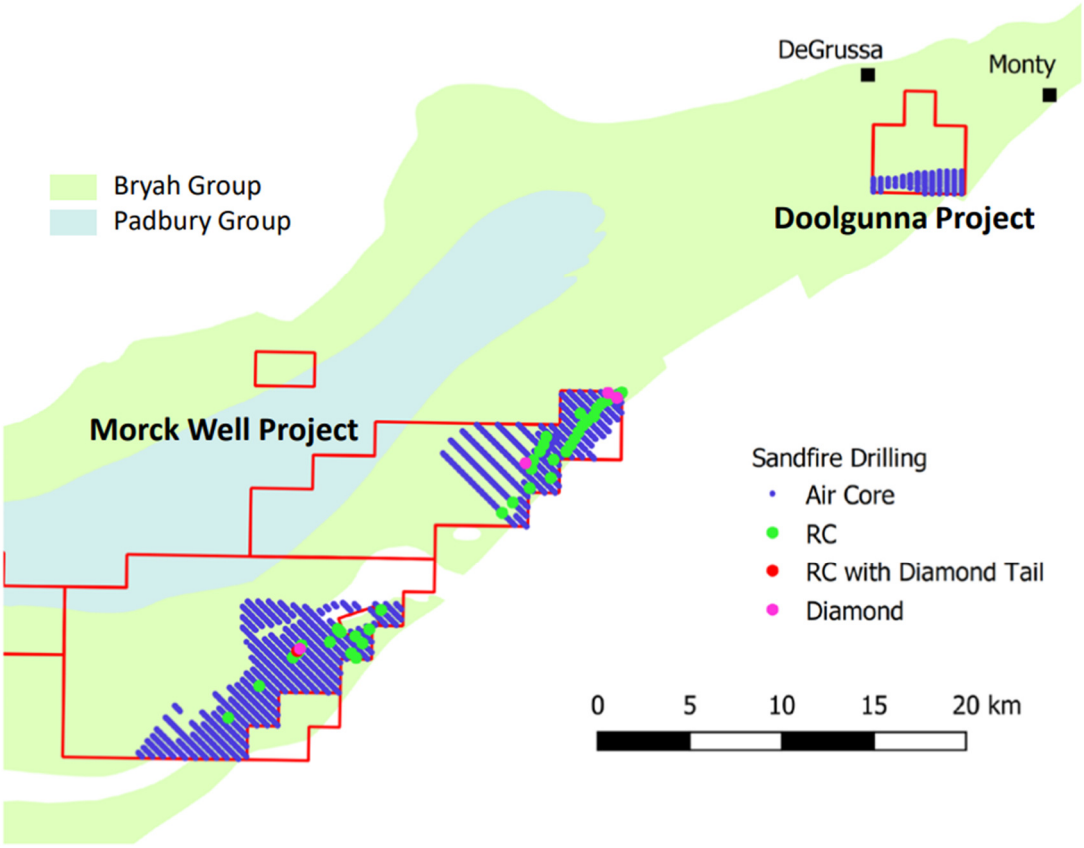



***Figure 12: Sandfire Drilling within Morck Well JV***

***Tenement Rationalisation***

The following 100% registered and beneficially owned tenements were relinquished due to the interpreted low potential of the tenements to host economic mineralisation.

- E51/1641
- E51/1830
- P51/3013
- M51/79
- M51/638
- M51/639
- E52/3500

Tenement E52/2509 was withdrawn from the Northern Star Joint Venture due to the interpreted low potential of the tenement to host economic mineralisation.

***Future Work Plans***

Work programmes have been generated to test several targets identified within the Forrest and Cashman Projects. Exploration within the Forrest Project is likely to comprise IP surveying to further evaluate mineralisation along strike and at depth with the Forrest and Wodger Prospect areas and Air Core drilling to further evaluate recent air core anomalism and infill existing drilling along the mineralised trend between Forrest and Big Billy. Exploration within the Cashman Project has been generated to evaluate several magnetic, VTEM and stratigraphic targets via air core drilling and to evaluate MLEM and DHEM anomalism with RC drilling. This will now be conducted by Sandfire under the new farm-in agreement.

Target definition is currently underway within the Horseshoe Well and Feather Cap Projects in conjuction with the current historic reviews of the projects. It is envisaged that work programmes comprising a combination of surface geochemistry (soil/auger sampling and rock chip sampling), mapping and air core drilling will be undertaken.

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**Corporate**

On 2 July 2018, the Company allotted 896,000 fully paid ordinary shares to a noteholder following the conversion of 2 Convertible Notes approved by shareholders at the general meeting held 17 July 2015.

In October 2018, the Company offered eligible shareholders the opportunity to subscribe for 1 New Option for every 4 fully paid ordinary shares in the Company at an issue price of $0.01 through an underwritten pro rata non-renounceable entitlement issue to raise up to $1,021,703 (see ASX Announcement dated 17 October 2018).

The Company sold 106,006 SFR shares adding approximately $852,000 in cash reserves.

**5. Significant Changes in the State of Affairs**

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year, other than those described in this report under 'Principal activities and review of operations'.

**6. Environmental Regulations**

The Group's exploration activities are subject to various environmental regulations. The Board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

The Group is committed to achieving a high standard of environmental performance and conducts its activities in a professional and environmentally conscious manner and in accordance with applicable laws and permit requirements. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current financial year. The directors will reassess this position as and when the need arises.

**7. Dividends**

The directors have not recommended the declaration of a dividend. No dividends were paid or declared during the current or prior period.

**8. Events Subsequent to Reporting Date**

Except for the events noted below, no other material events have occurred subsequent to the reporting date.

- On 15 July 2019, air core drilling commenced at Cashman, Morck Well West and Horseshoe Well Projects.
- One 23 July 2019, Auris Minerals earnt 70% of Northern Star Cheroona JV.
- On 31 July 2019, Auris Minerals completed air core drilling at Cashman, Feathercap and Horseshoe Well.
- On 4 September 2019, Auris Minerals announced gold potential within the Horseshoe Well Project.
- On 9 September 2019, significant gold results returned from air core drilling.
- On 20 September 2019, Sandfire Resources NL farm-in to Cashman Project.

**9. Likely Developments**

Comments on expected results of certain operations of the Group are included in this financial report under section 4, principal activities and review of operations.

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## 10. Share Options

*Unissued shares under option*

At the date of this report unissued ordinary shares of the Company under option are:

| Expiry date | Exercise Price | No. of options | |
|---|---|---|---|
| 8 Oct 2019 | $1.30 | 2,500,000 | Unlisted |
| 30 Nov 2020 | $0.08 | 10,170,335 | Listed |
| 30 Nov 2020 | $0.08 | 21,500,000 | Unlisted |
| | | 131,170,335 | |

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

*Other shares issued since the end of the financial year*

There have been no shares issued since the end of the financial year.

## 11. Convertible Notes

The following convertible notes have been converted during or since the end of the financial year:

| Face Value | No. of Notes | Total Value | Conversion Rate |
|---|---|---|---|
| $20,000 | 2 | $40,000 | $0.05 |

The convertible notes expired on 1 July 2018 and were converted on 2 July 2018. The notes earnt interest at a rate of 12% per annum.

There were no convertible notes remaining as at 30 June 2019.

## 12. Remuneration Report - Audited

### Principles of compensation

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Group.

Compensation levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may obtain independent advice on the appropriateness of compensation packages of the Group given trends in comparative companies both locally and internationally and the objectives of the Group's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages include a mix of fixed compensation, equity-based compensation, performance-based compensation as well as employer contributions to superannuation funds.

Shares and options may only be issued to directors subject to approval by shareholders in general meeting.

*Fixed compensation*

Fixed compensation consists of base compensation as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group. In addition, from time to time external consultants provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the market place. The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2019.

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*Performance linked compensation (Short-term incentive bonus)*

In considering the Group's strategic objectives the Board may integrate certain performance linked short-term incentives (STIs) into key management personnel compensation packages.

Performance linked compensation primarily include STIs and are considered by the Board as and when projects are delivered and are entirely at the Board's discretion. The measures chosen are designed to align the individual's reward to the achievement of the Group's strategies and goals and to reward key management personnel for meeting or exceeding their personal objectives. No bonuses were paid during the financial year.

*Equity based compensation (Long-term incentive bonus)*

The Board provides equity-based long-term incentives (LTIs) to promote continuity of employment and to provide additional incentive to key management personnel to increase shareholder wealth. LTIs are provided as options and rights over ordinary shares of the Company and are provided to key management personnel based on their level of seniority and position within the Group. Options and rights may only be issued to directors subject to approval by shareholders in general meeting.

*Key Management Personnel Incentives*

Short-term and long-term incentive structure and consequences of performance on shareholder wealth have been considered. However, given the Group's principal activity during the course of the financial year consisted of exploration and evaluation, the Board has given more significance to service criteria instead of market related criteria in setting the Group's incentive schemes. Accordingly, at this stage the Board does not consider the Company's earnings or earning measures to be an appropriate key performance indicator. The issue of options or rights as part of the remuneration package of directors is an established practice for listed exploration companies and has the benefit of conserving cash whilst appropriately rewarding the directors. In considering the relationship between the Group's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed.

The Group's respective earnings and share price for the period 1 July 2014 to 30 June 2019 are as follows:

| | 30 Jun 15 | 30 Jun 16 | 30 Jun 17 | 30 Jun 18 | 30 Jun 19 |
|---|---|---|---|---|---|
| Net loss | (20,162,654) | (6,260,965) | (884,710) | (1,317,036) | (1,845,664) |
| Closing ASX share price | $0.017 | $0.013 | $0.057 | $0.068 | $0.015 |

Note the closing prices for the period 30 June 2015 to 30 June 2016 are based on pre-consolidation figures.

In the opinion of the Board, these earnings, as listed above, are largely irrelevant for assessing the Group's respective performance during the exploration and evaluation phases.

*Service contracts*

i) Non-Executive Chair

Director and consulting services are provided by Mr Bassett via an associated company on normal commercial terms and conditions.

The Non-Executive Chair rate was set at $45,000 per annum with effect from 1 February 2017, previously $60,000 per annum. Additional fees are paid to Mr Bassett for any additional duties performed outside his role as Non-Executive Chair at a rate of $1,500 per day.

ii) Non-Executive Directors

Non-Executive Directors are currently paid at a rate of $30,000 per annum (previously $50,000 per annum) on a continuous service arrangement requiring at least one month's notice for termination. Total compensation for all Non-Executive Directors are set based on advice, from time to time, from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies. The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2019. Non-Executive Directors' fees

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are presently limited to $250,000 per annum, excluding director services charged under management or consulting contracts.

Directors' fees cover all main Board activities. The Board has no established retirement or redundancy schemes in relation to Non-Executive Directors.

**Key Management Personnel remuneration**

Details of the nature and amount of each major element of remuneration are as follows:

| Key Management Personnel (KMP) | | Short term salary and fees | Super-annuation benefits | Termination benefits | Equity settled share based payments [i] | Total | Proportion of remuneration performance related | Value of options/rights as proportion of remuneration |
|---|---|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ | % | % |
| ***Non-executive chair*** | | | | | | | | |
| N Bassett [ii] | 2019 | 45,000 | - | - | 76,000 | 121,000 | - | 63 |
| | 2018 | 8,875 | - | - | - | 8,875 | - | - |
| ***Chief executive officer*** | | | | | | | | |
| W Evans[iii] | 2019 | 9,470 | 5,799 | 57,500 | - | 72,769 | - | - |
| | 2018 | 211,718 | 20,113 | - | 264,000 | 495,831 | - | 53 |
| ***Chief operating officer*** | | | | | | | | |
| M Hendriks [iv] | 2019 | 125,000 | - | - | 47,500 | 172,500 | - | 28 |
| | 2018 | - | - | - | - | - | - | - |
| ***Executive director*** | | | | | | | | |
| D Fullarton [v] | 2019 | - | - | - | - | - | - | - |
| | 2018 | 20,985 | 8,392 | 86,336 | - | 115,713 | - | - |
| ***Non-executive directors*** | | | | | | | | |
| C Hall [vi] | 2019 | 25,114 | 2,386 | - | 76,000 | 103,500 | - | 73 |
| | 2018 | - | - | - | - | - | - | - |
| B Thomas [vii] | 2019 | 27,397 | 2,603 | - | 76,000 | 106,000 | - | 72 |
| | 2018 | 5,700 | 217 | - | - | 5,917 | - | - |
| B Barnes [viii] | 2019 | 2,500 | - | - | - | 2,500 | - | - |
| | 2018 | 48,869 | - | - | 88,000 | 136,869 | - | 64 |
| S Vearncombe [ix] | 2019 | - | - | - | - | - | - | - |
| | 2018 | 20,617 | - | - | - | 20,617 | - | - |
| R Martin [x] | 2019 | 30,000 | | - | 76,000 | 106,000 | - | 72 |
| | 2018 | 30,000 | - | - | 88,000 | 118,000 | - | 75 |
| **Total** | 2019 | 264,481 | 10,788 | 57,500 | 351,500 | 684,269 | - | 51 |
| | 2018 | 346,764 | 28,722 | 86,336 | 440,000 | 901,822 | - | 49 |

(i) The fair value of the equity settled share based payments are detailed in Note 19 of the Notes to the Financial Statements.

(ii) Neville Bassett was appointed Non-Executive Chair on 20 April 2018.

(iii) Wade Evans was appointed CEO on 17 July 2017; Resigned 6 July 2018.

(iv) Mike Hendriks was appointed as COO on 6 July 2018 on an initial 3-month consultancy arrangement.

(v) Debbie Fullarton resigned as Executive Director on 11 August 2017.

(vi) Craig Hall was appointed as Non-Executive Director on 1 August 2018 as the Investmet representative.

(vii) Brian Thomas was appointed as Non-Executive Director on 20 April 2018.

(viii) Bronwyn Barnes was appointed Non-Executive Chair on 25 November 2016 and ceased as Chair on 20 April 2018 and remained as a Non-Executive Director; Removed 1 August 2018.

(ix) Susan Vearncombe was appointed Non-Executive Director on 14 August 2017; Removed 20 April 2018.

(x) Robert Martin was appointed 2 November 2016.

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**Equity instruments**

*Options holdings*

Options refer to options over ordinary shares of Auris and are exercisable on a one-for-one basis. Details of options over ordinary shares in Auris that were granted and vested as compensation to each key management person are as follows:

| | Balance at 1 Jul 18 or date of appointment | Granted as remuneration | | | Exercised | Lapsed | Other changes (i) | Balance at 30 June 19 or date of resignation |
|---|---|---|---|---|---|---|---|---|
| | | Issue date | No. | Value | No. | No. | No. | |
| ***Non-executive Chairman*** | | | | | | | | |
| N Bassett | - | 28/11/2018 | 4,000,000 | 76,000 | - | - | 275,000 | 4,275,000 |
| ***Chief Executive Officer*** | | | | | | | | |
| W Evans | - | - | - | - | - | - | - | - |
| ***Chief Operating Officer*** | | | | | | | | |
| M Hendriks | - | 28/11/2018 | 2,500,000 | 47,500 | - | - | - | 2,500,000 |
| ***Non-executive Directors*** | | | | | | | | |
| C Hall | - | 28/11/2018 | 4,000,000 | 76,000 | - | - | - | 4,000,000 |
| B Thomas | - | 28/11/2018 | 4,000,000 | 76,000 | - | - | - | 4,000,000 |
| R Martin | 1,000,000 | 28/11/2018 | 4,000,000 | 76,000 | - | (1,000,000) | 21,219,762 | 25,219,762 |
| B Barnes (ii) | 2,000,000 | - | - | - | - | - | - | 2,000,000 |

(i) *Neville Bassett:* acquisition of listed options as a part of Entitlement Offer on 28 November 2018

*Robert Martin: a*cquisition of listed options as a part of Entitlement Offer on 28 November 2018

(ii) Bronwyn Barnes removed as non-executive director on 1 August 2018

| | **Balance at 30 Jun 19** | **Vested** | | | **Unvested** |
|---|---|---|---|---|---|
| | | **Exercisable** | **Un-exercisable** | **Total** | |
| ***Non-executive Chairman*** | | | | | |
| N Bassett | 4,275,000 | 4,275,000 | - | 4,275,000 | - |
| ***Chief Executive Officer*** | | | | | |
| W Evans | - | - | - | - | - |
| ***Chief Operating Officer*** | | | | | |
| M Hendriks | 2,500,000 | 2,500,000 | - | 2,500,000 | - |
| ***Non-executive Directors*** | | | | | |
| C Hall | 4,000,000 | 4,000,000 | - | 4,000,000 | - |
| B Thomas | 4,000,000 | 4,000,000 | - | 4,000,000 | - |
| R Martin | 25,219,762 | 25,219,762 | - | 25,219,762 | - |
| B Barnes | - | - | - | - | - |

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

During the reporting period, no shares were issued on exercise of options previously granted as compensation and no options were forfeited by key management persons during the reporting period.

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*Rights holdings*

Rights refer to performance rights held over ordinary shares of the Company and are exercisable on a one-for-one basis when vesting conditions are met. Details of the grant of performance rights to key management personnel are set out in the table below.

| | Tranche | Balance at 1 Jul 18 or date of appointment | Granted as remuneration | | | Exercised | Lapsed | Other changes [(i)] | Balance at 30 June 19 or date of resignation |
|---|---|---|---|---|---|---|---|---|---|
| | | | Issue date | No. | Value | | | | |
| ***Non-Executive Chairman*** | | | | | | | | | |
| N Bassett | - | - | - | - | - | - | - | - | - |
| ***Chief Executive Officer*** | | | | | | | | | |
| W Evans | 1 | 3,000,000 | - | - | - | - | - | (3,000,000) | - |
| | 2 | 3,000,000 | - | - | - | - | - | (3,000,000) | - |
| ***Chief Operating Officer*** | | | | | | | | | |
| M Hendriks | - | - | - | - | - | - | - | - | - |
| ***Non-Executive Directors*** | | | | | | | | | |
| C Hall | - | - | - | - | - | - | - | - | - |
| B Thomas | - | - | - | - | - | - | - | - | - |
| R Martin | 1 | 1,000,000 | - | - | - | - | - | - | 1,000,000 |
| | 2 | 1,000,000 | - | - | - | - | - | - | 1,000,000 |
| B Barnes | 1 | 1,000,000 | - | - | - | - | - | (1,000,000) | - |
| | 2 | 1,000,000 | - | - | - | - | - | (1,000,000) | - |

(i) Performance rights cancelled on removal of key management personnel.

*Share holdings*

No shares were granted to key management personnel during the reporting period as compensation in 2018 or 2019.

The movement during the reporting period in the number of ordinary shares in Auris Minerals Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| | Balance at 1 Jul 18 or date of appointment | Granted as remuneration | Exercise of options | Other changes | Balance at 30 Jun 19 or date of resignation |
|---|---|---|---|---|---|
| ***Non-Executive Chairman*** | | | | | |
| N Bassett | 1,100,000 | - | - | - | 1,100,000 |
| ***Chief Executive Officer*** | | | | | |
| W Evans | - | - | - | - | - |
| ***Non-Executive Directors*** | | | | | |
| C Hall | - | - | - | - | - |
| B Thomas | - | - | - | - | - |
| R Martin [(i)] | 30,651,486 | - | - | 500,000 | 31,151,486 |
| B Barnes [(ii)] | 1,004,349 | - | - | - | 1,004,349 |

(i) An entity related to Robert Martin acquired 500,000 shares not granted as remuneration.

(ii) Bronwyn Barnes removed as non-executive director.

*Other Equity-related KMP Transactions*

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights, and shareholdings.

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**Other Transactions with KMP and / or their Related Parties**

There were no other transactions conducted with the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

**END OF AUDITED SECTION**

## 13. Proceeding on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

## 14. Diversity

The Board is committed to having an appropriate blend of diversity on the Board and in all areas of the Group's business. The Board has established a policy ('Diversity Policy' or 'policy') regarding gender, age, ethnic and cultural diversity. Details of the policy are available on the Company's website.

*Diversity Policy*

The Company and all its related bodies corporate are committed to workplace diversity.

The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Corporate Governance Council's Principles and Recommendations.

The Diversity Policy does not form part of an employee's contract of employment with the Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the Company with which an employee is expected to comply.

The key objectives of the Diversity Policy are to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Diversity Policy does not impose on the Company, its directors, officers, agents or employee any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

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*Diversity Reporting*

The Group's gender diversity as at the end of the reporting period is as follows:

| | 30 June 2019 | | | | 30 June 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | Female | | Male | | Female | | Male | |
| | No. | % | No. | % | No. | % | No. | % |
| Board representation | - | - | 4 | 100 | 1 | 25 | 3 | 75 |
| Group representation | 2 | 29 | 5 | 71 | 2 | 29 | 5 | 71 |

The Company's proposed diversity objective for the 2019 financial year are to continue to assess and proactively monitor gender diversity at all levels of the Company's business and the implementation and effectiveness of the Company's diversity initiatives and programs.

**15. Indemnification and Insurance of Officers and Auditors**

*Indemnification*

The Group indemnifies each of its directors and company secretary. The Group indemnifies each director or officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Group must use its best endeavours to insure a director or officer against any liability, which does not arise out of a conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Group must also use its best endeavour to insure a director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Group has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

The directors of the Company are not aware of any proceedings or claim brought against Auris Minerals Ltd or its controlled entities as at the date of this report.

*Insurance*

The Group holds cover in respect of directors' and officers' liability and legal expenses' insurance, for current and former directors and officers of the Group. The premium paid during the year was $12,440.

**16. Non-audit Services**

During the year Greenwich & Co, the Company's auditor, did not perform any services other than their audit services.

In the event that non-audit services are provided by Greenwich & Co, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Group and will be reviewed by the Group to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company and their related practices for audit services provided during the year are set out on the next page.

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| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Audit and review of financial reports | 28,000 | 29,000 |
| | 28,000 | 29,000 |

## 17. Competent Person's Statement

*Competent Person's Statement*

Information in this report that relates to exploration results is based on and fairly represents information and supporting documentation prepared and compiled by Mr Matthew Svensson, who is a Member of the Australian Institute of Geoscientists.

Mr Svensson is the Exploration Manager for Auris Minerals Limited. Mr Svensson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Svensson consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

*No New Information*

Except where explicitly stated, this report contains references to prior exploration results and Mineral Resource estimates, all of which have been cross referenced to previous market reports made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the results and/or estimates in the relevant market report continue to apply and have not materially changed.

*Forward-Looking Statements*

This report has been prepared by Auris Minerals Limited. This document contains background information about Auris Minerals Limited and its related entities current at the date of this report. This is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this report. This report is for information purposes only. Neither this document nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.

This report may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction. This document does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this representation are not intended to represent recommendations of particular investments to particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

No responsibility for any errors or omissions from this document arising out of negligence or otherwise is accepted. This document does include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Auris Minerals Limited. Actual values, results, outcomes or events may be materially different to those expressed or implied in this report. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements.

Any forward-looking statements in this report speak only at the date of issue of this report. Subject to any continuing obligations under applicable law and ASX Listing Rules, Auris Minerals Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this document or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

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### 18. Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 49 and forms part of the directors' report for the financial year ended 30 June 2019.

This report is made with a resolution of the directors.



**NEVILLE BASSETT**

**NON-EXECUTIVE CHAIR**

Dated at West Perth this 26th day of September 2019

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| Schedule of Mining Tenements as at 30 June 2019 | | | | | |
|---|---|---|---|---|---|
| **Tenement Number** | **Registered Holder** | **Date Granted** | **Area Graticular blocks(bk) / Hectares (ha)** | **Area Sq km** | **Notes** |
| **Doolgunna Project** | | | | | |
| E52/2438 | Auris Minerals Limited | 11/02/2010 | 7bk | 21.68 | 1,8 |
| **Morck's Well Project** | | | | | |
| E51/1033 | Auris Exploration Pty Ltd 80%; Jackson Minerals Pty Ltd 20% | 22/09/2005 | 53bk | 161.84 | 3,8 |
| E51/1883 | Auris Exploration Pty Ltd 100% | 02/08/2019 | 4bk | 12.21 | 8 |
| E52/1613 | Auris Exploration Pty Ltd 80% Jackson Minerals Pty Ltd 20% | 29/03/2006 | 30bk | 92.77 | 3,8 |
| E52/1672 | Auris Exploration Pty Ltd 80%; Jackson Minerals Pty Ltd 20% | 22/09/2005 | 35bk | 108.02 | 3,8 |
| E52/1910 | Auris Exploration Pty Ltd | 10/08/2006 | 41bk | 124.21 | 4 |
| E52/2472 | Auris Exploration Pty Ltd | 19/11/2009 | 2bk | 6.1 | |
| E52/3275 | Auris Exploration Pty Ltd | 01/06/2016 | 2bk | 6.1 | |
| E52/3327 | Auris Exploration Pty Ltd | 15/10/2015 | 2bk | 6.1 | |
| E52/3350 | Auris Exploration Pty Ltd | 02/03/2016 | 3bk | 9.2 | |
| E52/3351 | Auris Exploration Pty Ltd | 02/03/2016 | 2bk | 6.1 | |
| P52/1497 | Auris Exploration Pty Ltd | 060/3/2015 | 155.90ha | 1.56 | |
| P52/1503 | Auris Exploration Pty Ltd | 06/03/2015 | 172.86ha | 1.73 | |
| P52/1504 | Auris Exploration Pty Ltd | 06/03/2015 | 191.81ha | 1.92 | |
| **Cashman's Project** | | | | | |
| E51/1053 | Auris Exploration Pty Ltd | 22/09/2005 | 35bk | 105.26 | |
| E51/1120 | Auris Exploration Pty Ltd | 10/08/2006 | 40bk | 122.46 | |
| E51/1391 | Northern Star Resources Ltd 100%; | 11/11/2010 | 21bk | 64.82 | 5 |
| E51/1837 | Auris Exploration Pty Ltd 51%; Northern Star Resources Ltd 49% | 19/01/2018 | 3bk | 9.2 | 5 |
| E51/1838 | Auris Exploration Pty Ltd 51%; Northern Star Resources Ltd 49% | 19/01/2018 | 11bk | 33.62 | 5 |
| **Forrest Project** | | | | | |
| E52/1659 | Auris Exploration Pty Ltd 80%; Jackson Minerals Pty Ltd 20% | 27/01/2004 | 13bk | 34.09 | 2,6 |
| E52/1671 | Auris Exploration Pty Ltd 80%; Jackson Minerals Pty Ltd 20% | 23/11/2004 | 61bk | 185.26 | 2,6 |
| P52/1493 | Auris Exploration Pty Ltd | 6/3/2015 | 191.66ha | 1.92 | 6 |
| P52/1494 | Auris Exploration Pty Ltd 80%; Jackson Minerals Pty Ltd 20% | 6/3/2015 | 179.33ha | 1.79 | 2 |
| P52/1495 | Auris Exploration Pty Ltd 80%; Jackson Minerals Pty Ltd 20% | 6/3/2015 | 181.09ha | 1.81 | 2 |
| P52/1496 | Auris Exploration Pty Ltd 80%; Jackson Minerals Pty Ltd 20% | 6/3/2015 | 183.70ha | 1.83 | 2 |

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| Horseshoe West Project | | | | | |
|---|---|---|---|---|---|
| E52/3248 | Auris Exploration Pty Ltd 85%; Omni Projects Pty Ltd 15% | 31/03/2015 | 11bk | 33.62 | 7 |
| E52/3291 | Auris Exploration Pty Ltd 85%; Omni Projects Pty Ltd 15% | 02/03/2016 | 13bk | 39.73 | 7 |
| E52/3166 | Auris Exploration Pty Ltd | 18/12/2014 | 34bk | 103.92 | |

Notes:
Auris Exploration Pty Ltd (AE) is a wholly owned subsidiary of Auris Minerals Limited.

1. Ascidian Prospecting Pty Ltd hold a 1% gross revenue royalty from the sale of all minerals
2. Peak Hill Sale Agreement: AE 80%, Jackson Minerals Pty Ltd 20% & free carried to a decision to mine.
3. PepinNini Robinson Range Pty Ltd (PRR) hold a 0.8% gross revenue royalty from the sale or disposal of iron ore.
4. PRR hold a 1.0% gross revenue royalty from the sale or disposal of iron ore.
5. AE 70% beneficial JV interest, NST 30% beneficial JV interest
6. Westgold Resources Limited owns gold mineral rights over the AE interest.
7. AE 85% Omni Projects Pty Ltd 15% and free carried to a decision to mine.
8. Sandfire Resources NL – Earn-in Agreement with rights to earn 70% interest.

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In fulfilling its obligations and responsibilities to its various stakeholders, the Board of Auris Minerals Limited (Auris) is a strong advocate of corporate governance. The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (Recommendations) where considered appropriate for a company of Auris's size and complexity.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with Auris Minerals' needs. To the extent they are applicable to Auris Minerals, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition (ASX Principals) Details of the Company's compliance with these principles are summarised in the Appendix 4G announced to ASX in conjunction with the Annual Report. Auris will report against the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principals and Recommendations in the reporting period ending 30 June 2020.

This statement describes how Auris has addressed the Council's guidelines and eight corporate governance principles and where the Company's corporate governance practices depart from a recommendation, the Company discloses the reason for adoption of its own practices on an "if not, why not" basis.

Given the size and stage of development of the Company and the cost of strict compliance with all the recommendations, the Board has adopted a range of modified procedures and practices which it considers appropriate to enable it to meet the principles of good corporate governance. At the end of this statement is a checklist setting out the recommendations with which the Company does or does not comply. The information in this statement is current as at 26 September 2019.

The following governance-related documents can be found on the Company's website at www.aurisminerals.com.au, under the section marked "Corporate Governance Statement".

***Charters***

- Board

***Policies and Procedures***

- Code of Conduct
- Nomination and Appointment of Directors
- Assessing the Independence of Directors
- Risk Management Policy
- Selection, Appointment and Rotation of External Auditor
- Continuous Disclosure
- Communications with Shareholders
- Diversity Policy
- Securities Trading Policy

***Principle 1 – Lay solid foundations for management and oversight Role and Responsibilities of the Board and Management***

The main function of the Board is to lead and oversee the management and strategic direction of the Company. The Board regularly measures the performance of Management in implementation of the strategy through regular Board meetings.

Auris has adopted a formal board charter delineating the roles, responsibilities, practices and expectations of the Board collectively, the individual directors and Management.

The Board of Auris ensures that each member understands its roles and responsibilities and ensures regular meetings so as to retain full and effective control of the Company.

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***Role of the Board***

The Board responsibilities are as follows:

- Setting the strategic aims of Auris and overseeing Management's performance within that framework;
- Making sure that the necessary resources (financial and human) are available to the Company and Management to meet its objectives;
- Overseeing and measuring Management's performance of the Company's strategic plan;
- Selecting and appointing a Chief Executive Officer (or equivalent) with the appropriate skills to help the Company in the pursuit of its objectives;
- Controlling and approving financial reporting, capital structures and material contracts;
- Ensuring that a sound system of risk management and internal controls is in place;
- Setting the Company's values and standards;
- Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council principles;
- Ensuring that the Company's obligations to shareholders are understood and met;
- Ensuring the health, safety and well-being of employees in conjunction with Management, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- Ensuring an adequate system is in place for the proper delegation of duties for the effective day to day running of the Company without the Board losing sight of the direction that the Company is taking;
- Establishing a diversity policy and setting objectives for achieving diversity.

***Delegation to Management***

Other than matters specifically reserved for the Board, responsibility for the operation and administration of the Company has been delegated to the Chief Executive Officer (or equivalent). This responsibility is subject to an approved delegation of authority which is reviewed regularly and at least annually.

Internal control processes are designed to allow management to operate within the parameters approved by the Board and the Chief Executive Officer (or equivalent) cannot commit the Company to additional activities or obligations in excess of these delegated authorities without specific approval of the Board.

***Election of Directors***

The Board is responsible for overseeing the selection process of new directors, and will undertake appropriate checks before appointing a new director, or putting forward a candidate for election as a director. All relevant information is to be provided in the Notice of Meeting seeking the election or re-election of a director including:

- biographical details including qualifications and experience;
- other directorships and material interests;
- term of office;
- statement by the board on independence of the director;
- statement by the board as to whether it supports the election or re-election; and
- any other material information.

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***Terms of appointment***

*Non-Executive Directors*

To facilitate a clear understanding of roles and responsibilities all non-executive directors have signed letter of appointment. This letter of appointment includes acknowledgement of:

- director responsibilities under the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws;
- corporate governance processes and Company policies;
- board and board committee meeting obligations;
- conflicts and confidentiality procedures;
- securities trading and required disclosures;
- access to independent advice and employees;
- confidentiality obligations;
- directors' fees;
- expenses reimbursement;
- directors and officer's insurance arrangements;
- other directorships and time commitments; and
- board performance review.

*Chief Executive Officer (or equivalent)*

The Chief Operating Officer has a contract services agreement with termination on one months notice by either party.

*Role of Company Secretary*

The Company Secretary is accountable to the Board for:

- advising the Board and committees on corporate governance matters;
- the completion and distribution of board and committee papers;
- completion of board and committee minutes; and
- the facilitation of director induction processes and ongoing professional development of directors.

All directors have access to the Company Secretary who has a direct reporting line to the Chairman.

*Diversity*

The Board values diversity in all aspects of its business and is committed to creating a working environment that recognises and utilizes the contribution of its employees. The purpose of this is to provide diversity and equality relating to all employment matters. The Company's policy is to recruit and manage on the basis of ability and qualification for the position and performance, irrespective of gender, age, marital status, sexuality, nationality, race/cultural background, religious or political opinions, family responsibilities or disability. The company opposes all forms of unlawful and unfair discrimination.

Whilst there was only one female representation on the Board for part of the reporting period, the Company engaged three senior female geologists to advise upon the Company's tenement portfolio and proposed exploration program.

The Board considers that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

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The Company has disclosed measurable diversity objectives for the current period in the Remuneration Report included in the Annual Report for the year ended 30 June 2019. The Company is continuing to assess and proactively monitor gender diversity at all levels of Auris' business and recognizes that it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

The Company currently has 1 full-time employee who is male and 2 casual employees who are female.

***Performance review***

*Board and board committees*

A review of the Board's performance and effectiveness is conducted annually and the performance of individual directors is undertaken regularly. The Board has the discretion for these reviews to be conducted either independently or on a self-assessment basis.

The review focuses on:

- strategic alignment and engagement;
- board composition and structure;
- processes and practices;
- culture and dynamics;
- relationship with management; and
- personal effectiveness.

A formal review of the Board's performance and effectiveness in respect of the year ended 30 June 2018 did not occur.

*Chairman and senior executives*

Performance evaluation of the Non-Executive Chairman, senior executives and employees is undertaken annually through a performance appraisal process which involves reviewing and assessment of performance against agreed corporate and individual key performance indicators and deliverables.

For further information refer to the Remuneration Report included in the Annual Report for the year ended 30 June 2019.

*Retirement and rotation of directors*

Retirement and rotation of directors are governed by the Corporations Act 2001 and the Constitution of the Company. Any casual vacancy filled will be subject to shareholder vote at the next Annual General Meeting of the Company. It is intended that Mr Thomas will stand for re-election by rotation at the Company's 2019 Annual General Meeting.

*Independent Professional Advice*

Each director of the Company or a controlled entity has the right to seek independent professional advice at the expense of the Company or the controlled entity. However prior approval of the Chairman is required which will not be unreasonably withheld.

*Access to employees*

Directors have the right of access to any employee. Any employee shall report any breach of corporate governance principles or Company policies to the Non-Executive Chairman who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent director without further reference to senior executives of the Company.

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*Directors' and officers' liability insurance*

Directors' and officers' liability insurance is maintained by the Company for the Directors and senior executives at the Company's expense.

*Board meetings*

The frequency of board meetings and the extent of reporting from management at board meetings are as follows:

- a minimum of four scheduled meetings are to be held per year;
- other meetings will be held as required;
- meetings can be held where practicable by electronic means;
- information provided to the Board includes all material information related to the operations of the Company including exploration, development and production operations, budgets, forecasts, cash flows, funding requirements, investment and divestment proposals, business development activities, investor relations,
- financial accounts, taxation, external audits, internal controls, risk assessments, people and health, safety and environmental reports and statistics;
- once established, the Chairman of the appropriate board committee will report to the next subsequent board meeting the outcomes of that meeting and the minutes of those committee meetings are also tabled.

The number of directors' meetings (including meetings of committees of directors where applicable) and the number of meetings attended by each of the directors of the Company during the financial year are set out in the Directors' Report included in the Annual Report for the year ended 30 June 2019.

***Principle 2 - Structure the Board to add value Composition of the Board***

The names of the directors of the Company and their qualifications are set out in the section headed "Information on Directors" in the Directors' Report of the financial report for the year ended 30 June 2019.

The composition of the Board has been structured so as to provide Auris with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company.

The ASX Corporate Governance Council guidelines recommend that the Board should constitute of a majority of independent directors and that the Chairperson should be independent.

The Board currently consists of Mr Neville Bassett (Independent Non-Executive Chair – appointed 20 April 2018), Mr Robert Martin (Non-Executive Director), Mr Brian Thomas (Independent Non-Executive Director appointed 20 April 2018) and Mr Craig Hall (Non-Executive Director – appointed 1 August 2018 as nominee for Investmet Limited, a substantial shareholder of the Company).

The Company does not have a majority of independent directors and the Board considers the current balance of skills and expertise is appropriate for the Company. The detailed skills matrix of the Board for a company of Auris' size and complexity is not considered necessary. The principal business of the Company at present is as an explorer of its Bryah Basin tenement package, which is prospective for copper and copper-gold discoveries, therefore requiring a skillset of geological and geophysical expertise, executive management, financial and commercial skills.

The Board comprises directors who each have extensive technical, financial and commercial expertise. The Board will address the skills matrix commensurate with the growth and development of the Company's activities to ensure those skill sets are complemented by additional industry expertise in the sector pursued as required.

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This mix is described in the Board skills matrix as follows;

| SKILL | NUMBER OF DIRECTORS HOLDING THIS SKILL |
|---|---|
| Resources industry experience | 4 |
| Mineral industry experience | 4 |
| Strategy | 4 |
| Mergers and acquisitions | 4 |
| Finance | 2 |
| Risk Management | 4 |
| Government relations | 2 |
| Capital projects; financing/project management | 4 |
| Sustainable development | 4 |
| Previous board experience | 4 |
| Governance | 4 |
| Policy | 4 |
| Executive leadership | 4 |
| Remuneration | 2 |

*Nomination of other Board Members*

Membership of the Board of Directors is reviewed on an on-going basis by the Chairperson of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives. The Board does not have a separate Nomination Committee and does not believe it is necessary in a Company of Auris's size.

*Director induction and ongoing professional development*

The Company does not have a formal induction program for Directors but does provide Directors with information pack detailing policies, corporate governance and various other corporate requirements of being a director of an ASX Listed company. Due to the size and nature of the business, Directors are expected to already possess a level of both industry and commercial expertise before being considered for a directorship of the Company. Directors are provided with the opportunity to access employees of the business and any information as they require about the business including being given access to regular news articles and publications where considered relevant.

***Principle 3 - Promote ethical and responsible decision-making Code of Conduct***

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

*Conflicts of Interest*

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

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*Trading in Company Securities*

Directors are required to make disclosure of any share trading. The Company policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company or within a period of the release of results i.e. the blackout period. That is information which a reasonable person would expect to have a material effect on the price or value of the Company's shares. An officer must receive authority to acquire or sell shares with the directors or the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares must be notified to the ASX.

***Principle 4 - Safeguard integrity in financial reporting***

Auris has a financial reporting process which includes half year and full-year results which are signed off by the Board before they are released to the market.

The Board does not have a separate Audit Committee and does not believe it is necessary in a Company of Auris' size. Instead, the three Board members, who each have extensive commercial and financial expertise, manage the financial oversight as well as advise on the modification and maintenance of the Company's financial reporting, internal control structure, external audit functions, and appropriate ethical standards for the management of the Company.

In discharging its oversight role, the Board is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The Chief Executive Officer (or equivalent) reports in writing on the propriety of compliance on internal controls and reporting systems and ensures that they are working efficiently and effectively in all material respects.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Board. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Company's external auditor attends each Annual General meeting and is available to answer questions from shareholders relevant to the conduct of the external audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

***Principle 5 - Make timely and balanced disclosure***

Auris has adopted a formal policy dealing with its disclosure responsibilities. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The policy also addresses the Company's obligations to prevent the creation of a false market in its securities. Auris ensures that all information necessary for investors to make an informed decision is available on its website.

The Non-Executive Chairman has ultimate authority and responsibility for approving market disclosure which, in practice, is exercised in consultation with the Board and Company Secretary.

In addition, the Board will also consider whether there are any matters requiring continuous disclosure in respect of each and every item of business that it considers.

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***Principle 6 - Respect the rights of shareholders***

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them. The Board maintains an investor relation program which will inform shareholders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports;
- preparing quarterly cash flow reports and reports as to activities;
- making announcement in accordance with the listing rules and the continuous disclosure obligations;
- posting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the annual report, if requested, together with notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to discuss the annual report and participate in the meetings either by attendance or by written communication. The Company provides all shareholders with a Notice of Meeting so they can be fully informed and be able to vote on all resolutions at the Annual General Meeting. Shareholders are able to discuss any matter with the directors and/or the auditor of the Company who is also invited to attend the Annual General Meeting.

Shareholders have the option to receive all Company and share registry communications electronically, and may also communicate with the Company by emailing the Company via its website. All shareholders have the ability to request copies of ASX releases, all of which are published and available on the Company's website immediately after they are released to ASX.

The Company regularly reviews its stakeholder communication policy and endeavours to maintain a program appropriate for a company of its size and complexity.

***Principle 7 - Recognise and Manage Risk***

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegate's day-to-day management of risk to the Chief Executive Officer (or equivalent), who is responsible for identifying, assessing, monitoring and managing risks. The Chief Executive Officer (or equivalent) is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Chief Executive Officer or equivalent may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board does not have a separate Risk Management Committee as the Board monitors and reviews the integrity of financial reporting and the Company's internal financial control systems. Management assess the effectiveness of the internal financial control on an annual basis and table concerns and recommendations at Board meetings were required.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- Establishment of financial control procedures and authority limits for management;
- Approval of an annual budget;
- Adoption of a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations;

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- Adoption of a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices; and
- Maintenance and review of a risk register to identify the Company's material business risks and risk management strategies for these risks. The risk register is reviewed half yearly and updated as required. Management reports to the Board on material business risks at each Board meeting.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the material business risks of the Company. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the financial year ended 30 June 2019.

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and has assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risks.

*Internal Audit*

The Company does not have an internal audit function as the Board believes the business is neither the size nor complexity that requires such a function. The Board is currently responsible for monitoring the effectiveness of internal controls, risk management procedures and governance.

*Sustainability Risks*

The Company has a detailed risk matrix which it regularly reviews and which highlights critical risk factors the Company faces at any particular time. The principal risks highlighted are what would typically be expected for a small listed exploration company and include;

- Reliance on key executives
- Inability to access new exploration capital
- Unsuccessful exploration results
- Exposure to other operators, be it through Joint Venture agreements or actions of those operators in an operational sense
- Legislature changes in jurisdiction the Company operates in

As the Company expands its activities either within existing projects or with the addition of new projects, it is expected that the sustainability risks will change accordingly. The Board reviews the overall sustainability of both the copper-gold exploration business and more specifically, the Company, in its normal course of business and therefore does not produce a separate sustainability report.

***Principle 8 - Remunerate fairly and responsibly***

The Company does not have a Remuneration Committee. Instead, the Board monitors and reviews the remuneration policy of the Company. The Board will engage an independent remuneration consultant to review the Company's policy on remuneration as and when required.

Details of the remuneration policy are contained in the Remuneration Report included in the Directors' Report. The Company's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time-to-time the Company may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive directors with additional incentive to continue those efforts for the benefit of the Company.

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The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by the shareholders at general meeting.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options and / or performance rights granted at the discretion of the Remuneration Committee and subject to obtaining the relevant approvals. The grant of options and / or performance rights is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness. The Company's policy is not to allow transactions in associated products which limit the risk of participating in unvested elements of equity-based compensation plans.

There are no termination or retirement benefits for non-executive directors (other than superannuation).

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**Shareholder Information**

The shareholder information set out below was applicable at 16 September 2019.

**A. Distribution of Equity Securities**

i) Analysis of numbers of shareholders by size of holding:

| | Ordinary Shares (AUR) | |
|---|---|---|
| | **No. of shareholders** | **Percentage of issued capital** |
| 1 – 1,000 | 122 | 0.01 |
| 1,001 – 5,000 | 99 | 0.07 |
| 5,001 – 10,000 | 149 | 0.30 |
| 10,001 – 100,000 | 647 | 6.41 |
| Over 100,000 | 327 | 93.21 |
| **Total** | **1,344** | **100%** |

ii) 728 holdings of a less than marketable parcel at $0.013 per share.

**B. Equity Security Holders**

Twenty largest quoted equity security holders

The names of the 20 largest holders of quoted equity securities are listed below:

| | **Number of ordinary shares held** | **Percentage of issued share** |
|---|---|---|
| Investmet Ltd | 40,959,103 | 10.02% |
| Citicorp Nom PL | 27,673,520 | 6.77% |
| HSBC Custody Nom Aust Ltd | 25,309,729 | 6.19% |
| Martin, Robert Paul & SP | 23,044,020 | 5.42% |
| Investmet Ltd | 18,954,491 | 4.64% |
| Hades Corp WA PL | 14,175,000 | 3.47% |
| Motte & Bailey PL | 13,093,419 | 3.20% |
| All-States Finance PL | 12,247,830 | 3.00% |
| J P Morgan Nom Aust PL | 11,421,346 | 2.79% |
| Perth Select Seafoods PL | 8,000,000 | 1.96% |
| Guina Global Inv PL | 5,200,000 | 1.27% |
| Bayferry PL | 5,000,000 | 1.22% |
| Girdler, Eric | 4,085,000 | 1.00% |
| Capretti Inv PL | 4,009,600 | 0.98% |
| Onmell PL | 3,551,912 | 0.87% |
| Gleneagle Sec Nom PL | 3,533,395 | 0.86% |
| Botsis Holdings PL | 3,500,000 | 0.86% |
| Goldfire Enterprises PL | 3,217,392 | 0.73% |
| Riverview Corp PL | 3,215,083 | 0.73% |
| Westgold Res Ltd | 3,000,000 | 0.70% |
| | **233,190,840** | **57.05%** |

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**Unquoted equity securities**

2,500,000 unlisted $1.30 options held by eighteen (18) option holders, expiring 8 October 2019

21,500,000 unlisted $0.08 options held by eight (8) option holders, expiring 30 November 2020

2,000,000 performance rights held by one (1) holder, expiring 22 November 2020

## C. Substantial Holders

As at 16 September 2019, the Company had received substantial shareholder notices from the following shareholders:

| Shareholder | No. of shares | Percentage of issue |
|---|---|---|
| Mr Michael George Fotios on behalf of himself and his controlled entities Investmet Limited, Hades Corporation (WA) Pty and Delta Resource Management Pty Ltd | 74,438,594 | 18.26% |
| Goldfire Enterprises Pty Ltd, Robert Paul Martin and Susan Pamela Martin (RP & SP Martin Super Fund A/C), Robert Paul Martin and Susan Pamela Martin (Nitro Super Fund A/C), RPM Super Pty Ltd, Mr Robert Paul Martin (Bulletin Resources Limited) and Mr Robert Paul Martin (SBD Drilling Pty Ltd) | 28,651,486 | 7.03% |
| SG Hiscock & Company Limited | 20,493,391 | 5.03% |

Note:

i) The above details may not reconcile to the information in the Twenty Largest Security Holders list as revised substantial shareholder notices had not been received by the Company as at 16 September 2019.

## D. Voting Rights

At a general meeting of shareholders:

(a) On a show of hands, each person who is a member or sole proxy has one vote.

(b) On a poll, each shareholder is entitled to one vote for each fully paid share.

## E. On-market buy-back

There is no on-market buy-back of the Company's securities in progress.

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**Option Information**

The optionholder information set out below was applicable at 16 September 2019.

**A. Distribution of Equity Securities**

i) Analysis of numbers of optionholders by size of holding:

| | Options | |
|---|---|---|
| | **No. of optionholders** | **Percentage of issued capital** |
| 1 – 1,000 | 18 | 0.01 |
| 1,001 – 5,000 | 32 | 0.07 |
| 5,001 – 10,000 | 29 | 0.18 |
| 10,001 – 100,000 | 88 | 2.73 |
| Over 100,000 | 74 | 97.02 |
| **Total** | **241** | **100%** |

ii) 184 holdings of a less than marketable parcel at $0.0020 per option.

**B. Equity Security Holders**

Twenty largest quoted equity security holders

The names of the 20 largest holders of quoted equity securities are listed below:

| | **Number of securities held** | **Percentage of issued securities** |
|---|---|---|
| Goldfire Enterprises PL | 18,236,238 | 14.17% |
| Zenessa PL | 12,000,000 | 9.33% |
| Citicorp Nom PL | 7,747,074 | 6.02% |
| Newball PL | 7,198,715 | 5.59% |
| Motte & Bailey PL | 6,715,945 | 5.22% |
| Martin, Robert Paul & S P | 5,761,005 | 4.48% |
| Big Al Inv PL | 5,000,000 | 3.89% |
| General & Private Funds M | 5,000,000 | 3.89% |
| Mandevilla PL | 4,275,000 | 3.32% |
| Schlink, Sabina Marie | 4,000,000 | 3.11% |
| Hall, Melanie Lee | 4,000,000 | 3.11% |
| All-States Finance PL | 3,061,958 | 2.38% |
| Abminga Nominees PL | 2,500,000 | 1.94% |
| TT Nicholls PL | 2,173,003 | 1.69% |
| Rose Kimberly John | 2,000,000 | 1.55% |
| Rear, Alison | 1,720,012 | 1.34% |
| IQ Global Asset Partners PL | 1,677,700 | 1.30% |
| Myall Res PL | 1,500,000 | 1.17% |
| Thackray, Paul James | 1,500,000 | 1.17% |
| Hawke, Margaret | 1,500,000 | 1.17% |
| | **97,566,650** | **75.84%** |

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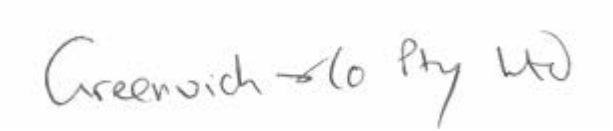
# Auditor's Independence Declaration

To those charged with governance of Auris Minerals Limited;

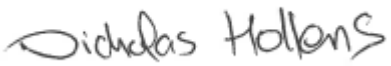
As auditor for the audit of Auris Minerals Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

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



**Greenwich & Co Audit Pty Ltd**



**Nicholas Hollens**
Managing Director

Perth
26 September 2019

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| | Note | 30 Jun 2019 $ | 30 Jun 2018 *(restated)* $ |
|---|---|---|---|
| Finance income | | 50,191 | 62,210 |
| Dividend income | | 35,741 | - |
| Grant income | | 13,464 | 53,857 |
| Profit on disposal of assets | | 12,252 | (222) |
| Loss on disposal of investments | | (223,619) | - |
| Administrative expenses | 3 | (1,016,426) | (1,154,272) |
| Finance costs | 3 | (7,613) | (5,652) |
| Share based payments expense | 19 | 118,950 | (616,000) |
| Write off exploration assets | 10 | (977,218) | (364,813) |
| **Loss before income tax** | | **(1,994,278)** | **(2,024,892)** |
| Income tax benefit | 4 | 148,614 | 707,856 |
| **(Loss) from continuing operations** | | **(1,845,664)** | **(1,317,036)** |
| Other comprehensive income for the period, net of tax | | - | 320,615 |
| **Total comprehensive income for the period** | | **(1,845,664)** | **(996,421)** |
| **Loss per share** | | | |
| Basic loss per share attributable to ordinary equity holders | 5 | (0.45) | (0.33) |

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

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| | Note | 30 Jun 2019 $ | 30 Jun 2018 *(restated)* $ |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 11 | 1,858,841 | 3,178,861 |
| Trade and other receivables | 7 | 19,314 | 31,532 |
| Financial assets | 8 | - | 1,520,615 |
| **Total current assets** | | **1,878,155** | **4,731,008** |
| Property, plant and equipment | 9 | 141,362 | 188,613 |
| Exploration assets | 10 | 18,619,932 | 16,883,568 |
| **Total non-current assets** | | **18,761,294** | **17,072,181** |
| **TOTAL ASSETS** | | **20,639,449** | **21,803,189** |
| **LIABILITIES** | | | |
| Trade and other payables | 12 | 158,121 | 263,797 |
| Borrowings | 13 | - | 40,000 |
| Provisions | 14 | 127,687 | 134,778 |
| **Total current liabilities** | | **285,808** | **438,575** |
| Provisions | 14 | 78,320 | 129,880 |
| **Total non-current liabilities** | | **78,320** | **129,880** |
| **TOTAL LIABILITIES** | | **364,128** | **568,455** |
| **NET ASSETS** | | **20,275,321** | **21,234,734** |
| **EQUITY** | | | |
| Issued capital | 15 | 123,813,483 | 123,829,985 |
| Reserves | 15 | 3,039,428 | 2,306,904 |
| Accumulated losses | | (106,577,590) | (104,902,155) |
| **TOTAL EQUITY** | | **20,275,321** | **21,234,734** |

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

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| | Note | Issued capital $ | Accumulated losses *(restated)* $ | Reserves *(restated)* $ | Total equity $ |
|---|---|---|---|---|---|
| **Opening balance at 1 July 2017** | | **119,866,311** | **(104,532,323)** | **2,317,493** | **17,651,481** |
| **Comprehensive income** | | | | | |
| Loss for the period | | - | (1,317,036) | - | (1,317,036) |
| Total comprehensive income for the period | | - | (1,317,036) | - | (1,317,036) |
| **Transactions with owners and other transfers** | | | | | |
| Shares issued | 15 | 4,127,925 | - | - | 4,127,925 |
| Share issue costs | 15 | (164,251) | - | - | (164,251) |
| Share based payments | 19 | - | - | 616,000 | 616,000 |
| Expiry of options | 15 | - | 947,204 | (947,204) | - |
| Revaluation of equity investments | | - | - | 320,615 | 320,615 |
| **Balance as at 30 June 2018** | | **123,829,985** | **(104,902,155)** | **2,306,904** | **21,234,734** |
| **Opening balance at 1 July 2018** | | **123,829,985** | **(104,156,991)** | **1,241,125** | **21,234,734** |
| Prior period adjustment 1 | 24 | - | - | 320,164 | - |
| Prior period adjustment 2 | 24 | - | (745,164) | 745,164 | - |
| **Opening balance at 1 July 2018 restated** | | **123,829,985** | **(104,902,155)** | **(2,306,904)** | **(21,234,734)** |
| **Comprehensive income** | | | | | |
| Loss for the period | | - | (1,845,664) | - | (1,845,664) |
| Total comprehensive income for the period | | - | (1,845,664) | - | (1,845,664) |
| **Transactions with owners and other transfers** | | | | | |
| Shares issued | 15 | 44,800 | - | - | 44,800 |
| Share issue costs | 15 | (61,302) | - | - | (61,302) |
| Share based payments | 19 | - | - | (118,950) | (118,950) |
| Options issued | 15 | - | - | 1,021,703 | 1,021,703 |
| Expiry of options | 15 | - | 170,229 | (170,229) | - |
| **Balance as at 30 June 2019** | | **123,813,483** | **(106,577,590)** | **3,039,428** | **20,275,321** |

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

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| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | | 13,464 | 53,857 |
| Cash paid to suppliers and employees | | (992,353) | (1,153,138) |
| Research and development tax benefit | | 148,614 | 707,856 |
| Interest received | | 50,191 | 66,473 |
| **Net cash outflow from operating activities** | 11(a) | **(780,084)** | **(324,952)** |
| **Cash flows from investing activities** | | | |
| Payments for exploration and evaluation | | (2,846,951) | (3,263,364) |
| Proceeds on disposal of property, plant and equipment | | 25,227 | 153 |
| Payments for property, plant and equipment | | (4,295) | (1,020) |
| Proceeds on disposal of investments | | 1,291,698 | - |
| Dividends received | | 35,741 | - |
| **Net cash outflow used in investing activities** | | **(1,498,580)** | **(3,264,231)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 15 | - | 3,727,925 |
| Proceeds from issue of options | | 959,379 | - |
| (Return) of shareholder funds in trust | | (735) | (19,406) |
| Share issue costs | 15 | - | (164,251) |
| **Net cash inflow from financing activities** | | **958,644** | **3,544,268** |
| **Net (decrease) in cash and cash equivalents** | | **(1,320,020)** | **(44,915)** |
| Cash and cash equivalents at the beginning of the period | | 3,178,861 | 3,223,776 |
| **Cash and cash equivalents at the end of the period** | 11 | **1,858,841** | **3,178,861** |

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

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## 1. Reporting entity

Auris Minerals Limited (the Company or Auris Minerals) is a company domiciled in Australia. The address of the Company's registered office and principal place of business is Level 3, 18 Richardson Street, West Perth WA 6005. The Company is primarily involved in the exploration of mineral tenements in Western Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2019 comprised the Company and its wholly owned subsidiaries (together referred to as the "Group").

**Statement of compliance**

### a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standard Board (AASB) and the Corporations Act 2001. The financial report of the Group complies with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 26th September 2019.

### b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for share based payments which are measured at fair value. The methods used to determine fair values are discussed further note 2 (m) under share based payment transaction.

*Going Concern*

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

The directors recognise that the ability of the Group to continue as a going concern and to pay its debts as and when they fall due is dependent on the ability of the Group to secure additional funding through either the issue of further shares and / or options.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will achieve the matters set out above. As such, the directors believe that they will continue to be successful in securing additional funds as and when the need to raise working capital arises.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

### c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group's functional currency.

### d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group.

Certain comparative amounts have been reclassified to conform to the current year's presentation where required.

### a) New or amended accounting standards and interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to operations and effective for an accounting period that begins on or after 1 July 2018.

The following Accounting Standard is most relevant to the consolidated entity:

*AASB 9 Financial Instruments*

The consolidated entity has adopted AASB 9 from 1 July 2018 and has been applied retrospectively. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 9 was adopted retrospectively, with the initial application date of 1 July 2018. The Company has elected to restate comparatives.

Any new, revised or amending Accounting Standards of Interpretations that are not yet mandatory have not been adopted early.

### b) Basis of consolidation

*Subsidiaries*

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

In the Company's financial statements, investments in subsidiaries are carried at cost.

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**2. Significant accounting policies (continued)**

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss and other comprehensive income and statement of financial position respectively.

*Transactions eliminated on consolidation*

Intra-group transactions, balances and any unrealised income and expenses arising from transactions, are eliminated in preparing the consolidated financial statements.

**c) Financial instruments**

*Investments and other financial assets*

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

*Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

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**2. Significant accounting policies (continued)**

**d) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

**e) Property, plant and equipment**

***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the statement of profit and loss and other comprehensive income.

***Subsequent costs***

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in the income statement as an expense incurred.

***Depreciation***

Depreciation is recognised in the income statement on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

| | |
|---|---|
| Office equipment | 20% |
| Plant and equipment | 40% |
| Motor vehicles | 20% |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

**f) Exploration expenditure**

Exploration activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration expenditure incurred is accumulated in respect of each identifiable area of interest. Exploration expenditure is measured at cost.

Exploration expenditure related to each identifiable area of interest are recognised as an exploration assets in the year in which they are incurred and carried forward to the extent that the following conditions are satisfied:

(i) rights to tenure of the identifiable area of interest are current; and

(ii) at least one of the following conditions is also met:

- the expenditure is expected to be recouped through the successful development of the identifiable area of interest, or alternatively, by its sale; or
- where activities in the identifiable area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and activities in, or in relation to, the area of interest.

**2. Significant accounting policies (continued)**

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. Accumulated costs in relation to an abandoned area are written off in full in the statement of profit and loss and other comprehensive income in the year in which the decision to abandon the area is made.

Exploration assets are reviewed at each reporting date for indicators of impairment and tested for impairment where such indicators exist. If the test indicates that the carrying value might not be recoverable the asset is written down to its recoverable amount. Any such impairment arising is recognised in the statement of profit and loss and other comprehensive income for the year.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

**g) Impairment of non-financial assets**

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

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

For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The Group’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss and other comprehensive income. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

**h) Employee benefits**

***Defined contribution superannuation funds***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss and other comprehensive income in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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**2. Significant accounting policies (continued)**

***Short-term benefits***

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

**i) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Exploration activities give rise to obligations for site closure and rehabilitation. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology discounted to their present values.

**j) Revenue**

***Services***

Revenue from services rendered is recognised in the statement of profit and loss and other comprehensive income in proportion to the stage of completion of the transaction at the reporting date.

Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the statement of profit and loss and other comprehensive income, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets.

**k) Income tax**

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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**2. Significant accounting policies (continued)**

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**l) Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

**m) Loss per share**

The Company presents basic and diluted loss per share for its ordinary shares. Basic loss per share is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is only determined if the Company is in a profit position. Refer to note 5 for details.

**n) Accounting estimates and judgements**

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

***Taxation***

Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of directors and take into account the financial performance and position of the Group as they pertain to current income tax legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current tax position represents the best estimate, pending assessment by the Australian Tax Office.

***Exploration assets***

The accounting policy for exploration expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that the recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

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## 2. Significant accounting policies (continued)

***Share-based payment transactions***

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of rights granted is measured using the single barrier share option pricing model, taking into account the terms and conditions set out within note 19.

***Estimated useful lives of assets***

Estimated useful lives of assets have been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining life. Adjustments to useful lives are made when considered necessary.

***Provision for rehabilitation***

Included in liabilities at the end of each reporting period is an amount that represents an estimate of the cost to rehabilitate the land upon which the Group has carried out its exploration for mineral resources. Provisions are measured at the present value of management's best estimate of the costs required to settle the obligation at the end of the reporting period. Actual costs incurred in future periods to settle these obligations could differ materially from these estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates, and discount rates could affect the carrying amount of this provision.

***Impairment***

The Group assesses impairment at the end of each reporting period by evaluating conditions or events specific to the Group that may be indicative of impairment indicators. The decision as to the existence of impairment indicators requires judgement.

## o) New standards and interpretations not yet adopted

There are new Accounting standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group. They are available for early adoption at 30 June 2019 but have not been applied in preparing this financial report because the adoption would not materially impact this financial report.

## 3. Revenue and expenses include:

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | $ | $ |
| **Finance costs** | | | |
| Costs in relation to convertible notes: | | | |
| Interest | | 59 | 4,883 |
| Brokerage expense | | 7,496 | - |
| Foreign exchange loss | | 58 | 769 |
| | | **7,613** | **5,652** |
| **Administrative expenses** | | | |
| Disclosable | | | |
| Employee benefits expense | | 334,716 | 436,261 |
| Office lease payments | | 56,263 | 40,193 |
| Depreciation | 9 | 38,572 | 49,990 |
| Legal services | | 27,806 | 128,554 |
| Company secretarial services | | 48,000 | 60,000 |
| Other | | 511,069 | 439,274 |
| | | **1,016,426** | **1,154,272** |

## 4. Income tax expense

### a) Numerical reconciliation between tax expense / (benefit) and pre-tax net loss

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Loss before tax | (1,994,278) | (2,024,892) |
| Income tax benefit using the domestic corporation tax rate of 27.5% (2018: 27.5%) | (548,427) | (556,845) |
| Increase / (decrease) in income tax due to: | | |
| Non-deductible expenses | (28,472) | 169,786 |
| Temporary differences and losses not recognised | 665,684 | 484,473 |
| Adjustments in respect of previous current income tax | (148,614) | (707,856) |
| Tax amortisation of capital raising costs | (88,785) | (97,414) |
| **Income tax benefit** | **(148,614)** | **(707,856)** |

### b) Tax consolidation

The company and its 100% owned controlled entities have formed a tax consolidated group. Members of the Consolidated Entity have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entities on a pro-rate basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is Auris Minerals Limited.

### c) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Auris Minerals Limited.

In this regard the Company has utilised the benefit of tax losses from controlled entities of $2,792,674 (2018: $1,818,520) as of the balance date. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

### d) Deferred tax (liabilities) / assets not recognised

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Exploration expenditure | (4,896,649) | (4,431,402) |
| Plant and equipment | 11,990 | 12,431 |
| Investments | 29,493 | 29,493 |
| Environmental liability | 21,538 | 35,717 |
| Provisions and sundry items | 41,463 | 42,899 |
| Business related costs | 133,673 | 200,897 |
| Capital losses | 305,160 | 243,664 |
| Tax losses | 25,875,604 | 26,492,262 |
| Deferred tax asset not recognised | (21,522,272) | (22,625,961) |
| **Net deferred tax liability** | **-** | **-** |

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**4. Income tax expense (continued)**

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

**5. Loss per share**

| | 2019<br>Cents | 2018<br>Cents |
|---|---|---|
| Basic loss per share (cents) | 0.45 | 0.33 |

The calculation of basic loss per share at 30 June 2019 is based on the loss attributable to ordinary shareholders of $1,845,664 (2018: $1,317,036) and a weighted average number of ordinary shares outstanding of 408,678,878 (2018: 396,088,820).

The number ordinary shares has been restated on a post consolidation basis.

As at 30 June 2019, the options detailed within note 19 are considered to be potential ordinary shares. However, as the Group is in a loss position, the potential ordinary shares are considered to be anti-dilutive in nature, as their exercise will not result in a diluted loss per share that shows an inferior view of earnings performance of the Group than is shown by basic loss per share. For this reason, the options have not been included in the determination of diluted loss per share and the diluted loss per share is disclosed to be the same as basic loss per share.

**6. Auditors remuneration**

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **Audit services:** | | |
| Audit and review of financial reports | 28,000 | 29,000 |
| | **28,000** | **29,000** |

**7. Trade and other receivables**

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Receivable from Australian Taxation Office | 9,314 | 22,960 |
| Other | 10,000 | 8,572 |
| | **19,314** | **31,532** |

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 20.

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## 8. Financial Assets

| | Note | 2019 | 2018 (restated) |
|---|---|---|---|
| | | $ | $ |
| Balance at 1 July | | 1,520,615 | - |
| Acquisition of listed investments | | - | 1,200,000 |
| Movement in fair value | 24 | | 320,615 |
| Disposal of listed investments | | (1,520,615) | - |
| Balance at 30 June | | **-** | **1,520,615** |

On 7 March 2018, Sandfire Resources NL (ASX: SFR) issued 166,006 shares at $7.23 per share to Auris as a part of the Farm-In Agreement in relation to the Morck Well East and Doolgunna Projects.

As at 30 June 2019, all Sandfire shares had been disposed of.

## 9. Property, plant and equipment

A reconciliation of the carrying amounts for each class of property, plant and equipment is set out below.

| | Plant & equipment | Office equipment | Motor vehicles | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Carrying amount** | | | | |
| At cost | 75,304 | 203,998 | 409,789 | 689,091 |
| Accumulated Depreciation | (67,891) | (132,937) | (299,650) | (500,478) |
| Balance at 30 June 2018 | **7,413** | **71,061** | **110,139** | **188,613** |
| | | | | |
| At cost | 75,304 | 208,293 | 333,924 | 617,521 |
| Accumulated Depreciation | (70,605) | (148,090) | (257,464) | (476,159) |
| Balance at 30 June 2019 | **4,699** | **60,203** | **76,460** | **141,362** |
| | | | | |
| **Movement in carrying amount** | | | | |
| Balance at 1 July 2017 | 11,833 | 88,453 | 137,673 | 237,959 |
| Additions | - | 1,020 | - | 1,020 |
| Disposals | - | (376) | - | (376) |
| Depreciation | (4,420) | (18,036) | (27,534) | (49,990) |
| Balance at 30 June 2018 | **7,413** | **71,061** | **110,139** | **188,613** |
| | | | | |
| Balance at 1 July 2018 | 7,413 | 71,061 | 110,139 | 188,613 |
| Additions | - | 4,296 | - | 4,296 |
| Disposals | - | - | (12,975) | (12,975) |
| Depreciation | (2,714) | (15,154) | (20,704) | (38,572) |
| Balance at 30 June 2019 | **4,699** | **60,203** | **76,460** | **141,362** |

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## 10. Exploration expenditure

| | Exploration | Evaluation | Development | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Balance at 1 July 2017 | 14,975,557 | - | - | 14,975,557 |
| Expenditure during the period (i) | 3,472,824 | - | - | 3,472,824 |
| Proceeds during the period (ii) | (1,200,000) | - | - | (1,200,000) |
| Impairment of assets (iii) | (364,813) | - | - | (364,813) |
| Balance at 30 June 2018 | **16,883,568** | **-** | **-** | **16,883,568** |
| | | | | |
| Balance at 1 July 2018 | 16,883,568 | - | - | 16,883,568 |
| Expenditure during the period | 2,765,142 | - | - | 2,765,142 |
| Adjustment to environmental liability (iii) | (51,560) | - | - | (51,560) |
| Impairment of assets (iv) | (977,218) | - | - | (977,218) |
| Balance at 30 June 2019 | **18,619,932** | **-** | **-** | **18,619,932** |

(i) Expenditure included $400,000 in respect of the shares issued to Ascidian Prospecting Pty Ltd pursuant to an asset sale agreement (Note 11 (b) (iv)).

(ii) Shares issued by Sandfire Resources NL per Farm-In Agreement (Note 8).

(iii) The estimated environmental liability is based on an annual assessment under the criteria adopted by the Mining rehabilitation Fund as implemented by the Department of Mines and Petroleum.

(iv) The carrying value has been impaired based on a review undertaken by an external consultant to determine the recoverability of the current carrying value. The determination was based on examining the tenements held within each entity within the group on a project-by-project basis to assess whether:

- The expenditure and the associated activities have resulted in high priority exploration targets that will be the focus of funded exploration over the next 2 years; and
- An area of interest is considered likely to be recoverable by future exploitation or sale.

The directors supported the recommendations and approved the associated amounts impaired.

## 11. Cash and cash equivalents

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Bank balances | 1,858,841 | 3,178,861 |
| Cash and cash equivalents in the statement of cash flows | **1,858,841** | **3,178,861** |

The exposure to interest rate risk and a sensitivity analysis for financial assets are discussed in note 20.

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## 11. Cash and cash equivalents (continued)

a) Reconciliation of cash flows from operating activities

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | $ | $ |
| Loss for the period after income tax | | (1,845,664) | (1,317,036) |
| *Adjusted for:* | | | |
| Brokerage fee | | 5,246 | - |
| Depreciation expense | 9 | 38,572 | 49,990 |
| Dividends received | | (35,471) | - |
| Impairment of exploration assets | 10 | 977,218 | 364,813 |
| Interest on convertible notes paid in shares | | - | 4,800 |
| Employee share-based payments | 19 | (118,950) | 616,000 |
| Fees payable by issue of options | | 1,022 | - |
| Profit on sale of investment | | 223,619 | - |
| Loss on disposal of assets | | (12,252) | 222 |
| Operating loss before changes in working capital and provisions | | **(766,930)** | **(281,211)** |
| Decrease in trade and other receivables | | 1,508 | 832 |
| (Increase) in trade and other payables | | (3,908) | (26,786) |
| (Increase) in provisions | | (10,754) | (17,787) |
| Net cash outflow from operating activities | | **(780,084)** | **(324,952)** |

b) Non cash financing and investing activities

| | | | |
|---|---|---|---|
| Issue of options | (i) | 471,374 | - |
| Issue of shares | (ii) | 44,800 | 400,000 |
| Issue of performance rights | (iii) | (528,000) | 616,000 |
| Shares received – farm-in consideration | (iv) | - | (1,200,000) |
| | | **(11,826)** | **(184,000)** |

(i) Issue of Options

- On 18 March 2019, 1,500,000 options were issued to employees in accordance with the Company's Employee Incentive Plan. $29,050 was taken up as share based payments. Refer to note 19.
- On 28 November 2018, 20,000,000 options were issued to directors and KMPs as consideration for services. $380,000 was taken up as share based payments. Refer to note 19
- On 28 November 2018, 5,000,000 options were issued to the underwriter as part payment of fees relating to the Entitlement Issue.

(ii) Issue of Shares

- On 2 July 2018, 896,000 fully paid ordinary shares were issued to Northcliffe Holdings Pty Ltd upon conversion of 2 convertible notes.
- On 7 July 2017, 7,000,000 fully paid ordinary shares were issued to Ascidian Prospecting Pty Ltd pursuant to an asset sale agreement. $400,000 was capitalised to exploration assets as a result of the issue of shares. Refer to note 10.

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**11. Cash and cash equivalents (continued)**

(iii) Issue of Performance Rights

- On 18 February 2019, 4,000,000 employee performance rights were cancelled upon the resignation of Nick Franey as General Manager Geology. $176,000 was reversed from share based payments in the income statement. Refer to note 19.
- On 27 September 2018, the Company cancelled 2,000,000 director performance rights to Bronwyn Barnes due to her removal as non-executive director and 6,000,000 employee performance rights to Wade Evans due to his resignation as CEO. $352,000 was reversed from share based payments in the income statement. Refer to note 19.
- On 26 April 2018, the Company cancelled 2,000,000 director performance rights held by outgoing director Susan Vearncombe. $88,000 was reversed from share based payment in the income statement.
- On 22 November 2017, the Company issued 2,000,000 director performance rights to Bronwyn Barnes, 2,000,000 director performance rights to Robert Martin, 2,000,000 director performance rights to Susan Vearncombe, 6,000,000 employee performance rights to Wade Evans and 4,000,000 employee performance rights to Nick Franey. $704,000 was recognised as a shared based payment in the income statement.

(iv) Shares Received – Farm-In Consideration

- On 7 March 2018, Auris received 166,006 Sandfire Resources shares at $7.23 per share as part of the Farm-In Agreement for the Morck Well East and Doolgunna Projects. Refer to note 8.

**12. Trade and other payables**

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Trade payables and other accruals | 134,648 | 239,589 |
| Monies held in trust | 23,473 | 24,208 |
| | **158,121** | **263,797** |

Monies held in trust

On 20 February 2017, being the applicable record date, the Company provided shareholders with a notice of intention to sell shares of less than a marketable parcel in accordance with the company constitution. Impacted shareholders were given the opportunity to return their Notice of Retention by 10 April 2017 if they did not want these shares to be sold on their behalf. The sale was concluded on 19 April 2017 and 1,350 shareholders collectively holding 1,509,225 shares received their proceeds from the sale ($0.07 per share sold). The monies currently held in trust represent unpresented cheques at the balance date.

**13. Borrowings**

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | $ | $ |
| Convertible notes | | - | 40,000 |
| | | **-** | **40,000** |

*Movement in borrowings*

| | | 2019 | 2018 |
|---|---|---|---|
| | | | $ |
| Balance at 1 July | | 40,000 | 40,000 |
| Notes issued | | - | - |
| Notes converted | 15 | (40,000) | - |
| Balance at 30 June | | **-** | **40,000** |

Convertible notes

As at 1 July 2018 there were two remaining convertible notes having a face value of $20,000 each maturing on 1 July 2018. Interest, at a rate of 12% per annum, is payable six monthly in June and December in shares converted at a 30 day VWAP. The notes together with the accrued interest were converted into shares at an issue price of $0.05 per share on 2 July 2018.

## 14. Provisions

| **Current provisions** | **2019** | **2018** |
|---|---|---|
| | **$** | **$** |
| Employee leave benefits | 2,634 | 9,725 |
| Provision for stamp duty | 125,053 | 125,053 |
| | **127,687** | **134,778** |

Provision has been made for additional stamp duty in respect the share purchase acquisition of Auris Exploration Pty Ltd for movable property, and an adjustment for the value of gold inventory. This had not previously been taken into account when the interim assessment was issued by the Office of State Revenue on 13 December 2013.

| **Non-current provisions** | **Note** | **2019** | **2018** |
|---|---|---|---|
| | | **$** | **$** |
| Environmental provision | | 78,320 | 129,880 |
| | | **78,320** | **129,880** |
| Movement in non-current provisions | | | |
| Balance at 1 July | | 129,880 | 129,880 |
| Provision adjustment | 10 | (51,560) | - |
| Balance at 30 June | | **78,320** | **129,880** |

A provision has been made in respect of environmental rehabilitation on tenements based on the disturbance criteria as determined by Department of Mines and Petroleum.

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## 15. Issued capital and reserves

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| **Issued and fully paid ordinary shares** | **123,813,483** | **123,829,985** |

| | Note | 2019 | 2019 | 2018 | 2018 |
|---|---|---|---|---|---|
| *Movement in ordinary shares* | | No. | $ | No. | $ |
| On issue at 1 July | | 407,785,340 | 123,829,985 | 354,223,138 | 119,866,311 |
| Issue of shares for cash | | - | - | 46,562,202 | 3,727,925 |
| Issue of shares on conversion of convertible notes | 13 | 800,000 | 40,000 | - | - |
| Issue of share for interest on convertible notes | | 96,000 | 4,800 | - | - |
| Issue of shares to acquire exploration licences | 11(b)(iv) | - | - | 7,000,000 | 400,000 |
| Share issue costs | | - | (61,302) | - | (164,251) |
| On issue at 30 June | | **408,681,340** | **123,813,483** | **407,785,340** | **123,829,985** |

**Nature and purpose of share-based payments reserve**

The share-based payments reserve represents the fair value of equity instruments issued to employees as compensation and issued to external parties for the receipt of goods and services. This reserve will be reversed against issued capital when the underlying shares are converted and reversed against retained earnings when they are allowed to lapse.

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## 15. Issued capital and reserves (continued)

Movement in reserves

| | Note | 2019 | 2018 *(restated)* |
|---|---|---|---|
| | | $ | $ |
| **Share based payments reserve** | | | |
| Balance at 1 July | | 1,986,289 | 2,317,493 |
| Share based payments | 19 | - | 616,000 |
| Cancellation of performance rights | 19 | (528,000) | - |
| Unlisted options issued | 19 | 409,050 | - |
| Expiry of options | | (170,229) | (i) (947,204) |
| Balance at 30 June | | **1,697,110** | **1,986,289** |
| | | | |
| **Gain/(loss) from equity investment reserve** | | | |
| Balance at 1 July | | 320,615 | - |
| Revaluation of investment | 8 | - | (ii) 320,615 |
| Balance at 30 June | | **320,615** | **320,615** |
| | | | |
| **Option reserve** | | | |
| Balance at 1 July | | - | - |
| Allotment of listed options | | 1,021,703 | - |
| Balance at 30 June | | **1,021,703** | **-** |
| | | | |
| Total reserves | | **3,039,428** | **2,306,904** |

(i) Restatement of share based payments reserve due to correction of options expired during the period (see note 24).

(ii) Restatement of gain/loss from equity investments due to adoption of AASB 9 Financial Instruments (see note 24).

*Movement in listed options*

| Options expiring on or before | Exercise Price | On issue at 1 Jul 18 | Issued | Exercised | Expired | On issue at 30 Jun 19 |
|---|---|---|---|---|---|---|
| 30 Nov 2020 | $0.08 | - | 107,170,335 | - | - | 107,170,335 |
| | | **-** | **107,170,335** | **-** | **-** | **107,170,335** |

*Movement in unlisted options*

| Options expiring on or before | Exercise Price | On issue at 1 Jul 18 | Issued | Exercised | Expired | On issue at 30 Jun 19 |
|---|---|---|---|---|---|---|
| 3 Oct 2018 | $0.60 | 1,480,000 | - | - | (1,480,000) | - |
| 8 Oct 2019 | $1.30 | 2,500,000 | - | - | - | 2,500,000 |
| 20 Sep 2018 | $0.12 | 5,000,000 | - | - | (5,000,000) | - |
| 20 Sep 2018 | $0.12 | 1,000,000 | - | - | (1,000,000) | - |
| 30 Nov 2020 | $0.08 | - | 20,000,000 | - | - | 20,000,000 |
| 30 Nov 2020 | $0.08 | - | 1,500,000 | - | - | 1,500,000 |
| | | **9,980,000** | **21,500,000** | **-** | **(7,480,000)** | **24,000,000** |

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## 16. Controlled entities

| | 2019 % | 2018 % |
|---|---|---|
| Auris Exploration Pty Ltd, incorporated in Australia [(i)] [(ii)] | 100 | 100 |

[(i)] Auris Exploration Pty Ltd was formerly known as Grosvenor Gold Pty Ltd.

[(ii)] The parent entity acquired a 100% interest in Auris Exploration Pty Ltd on 8 March 2012.

## 17. Segment reporting

The Group operations are entirely associated with exploration and related development activities in Western Australia.

## 18. Parent information

| Statement of Financial Position | 2019 $ | 2018 *(restated)* $ |
|---|---|---|
| **Assets** | | |
| Total current assets | 1,853,287 | 3,179,515 |
| Total non-current assets | 42,399,894 | 41,129,252 |
| **Total assets** | **44,253,181** | **44,308,767** |
| **Liabilities** | | |
| Total current liabilities | 204,127 | 257,400 |
| Total non-current liabilities | 23,785,094 | 22,816,631 |
| **Total liabilities** | **23,989,221** | **23,074,031** |
| **Equity** | | |
| Issued capital | 123,813,483 | 123,829,985 |
| Reserves | 3,039,428 | 2,306,904 |
| Accumulated losses | (106,588,951) | (104,902,155) |
| **Total equity** | **20,263,960** | **21,234,734** |

**Statement of Profit and Loss and Other Comprehensive Income**

| | | |
|---|---|---|
| Total loss | 1,845,664 | 996,421 |
| Total comprehensive loss | **1,845,664** | **996,421** |

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## 19. Share based payments

### Recognised share-based payments

Details of share based payments recognised during the year are shown in the table below.

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | $ | $ |
| Employee share based payments | 11(b)(i) | 29,050 | 176,000 |
| KMP share based payments | 11(b)(i) | 380,000 | 440,000 |
| Cancellation of KMP share based payments | 11(b)(iii) | (528,000) | - |
| | | **(118,950)** | **616,000** |
| Issue of shares | | - | 400,000 |
| | | **(118,950)** | **1,016,000** |

### Equity based compensation plans (Long-term incentive bonus)

The Board has provided equity-based long-term incentives (LTIs) to promote continuity of employment and to provide additional incentive to key management personnel to increase shareholder wealth. LTIs are provided as options and rights over ordinary shares of the Company and are provided to key management personnel based on their level of seniority and position within the Group. Options and rights may only be issued to directors subject to approval by shareholders in general meeting.

There are no voting or dividend rights attached to the options and rights. Options and rights issued under the plans were issued for no consideration. Voting rights will be attached to the ordinary issued shares when the options and rights have been exercised. Each option and right is convertible to one fully paid ordinary share.

### Issue of incentives

As approved by shareholders in general meeting the Company may issue unlisted options or rights to employees to subscribe for ordinary fully paid shares in the Company with an expiry date not later than five years from the date of issue and with an exercise price at the discretion of the directors.

The following options and rights were issued to employees and directors included in equity settled share-based payments expenses under Administrative expenses in the statement of profit and loss and other comprehensive income.

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Issue of options | 409,050 | - |
| Issue of performance rights | - | 616,000 |
| Cancellation of performance rights | (528,000) | - |
| Equity settled share-based payment expense | **(118,950)** | **616,000** |

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**19. Share based payments (continued)**

**Issue of options**

The Company issued 20,000,000 unquoted options to directors and KMPs as consideration for services on 28 November 2018 and 1,500,000 unquoted options on 18 March 2019 to employees as approved by shareholders at the Annual General Meeting held on 27 November 2018. Each option will convert into one AUR share upon vesting. The Options were valued using the Black-Scholes option pricing model. Details for the options are tabled below:

| Number of options | Valuation date | Exercise price | Volatility | Expiration date | Fair value per option | Total fair value |
|---|---|---|---|---|---|---|
| 20,000,000 | 27 Nov 18 | $0.08 | 110% | 30 Nov 20 | $0.019 | $380,000 |
| 1,500,000 | 27 Nov 18 | $0.08 | 110% | 30 Nov 20 | $0.019 | 29,050 |

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | No. | WAEP | No. | WAEP |
| Outstanding at 1 July | 9,980,000 | $0.49 | 11,480,000 | $0.57 |
| Granted during the year | 21,500,000 | $0.08 | - | $0.00 |
| Expired during the year | (7,480,000) | $0.21 | (1,500,000) | $1.16 |
| Outstanding at 30 June | **24,000,000** | **$0.21** | **9,980,000** | **$0.49** |

The options have been restated on a post-consolidation basis.

The outstanding balance at 30 June 2019 is represented by:

| Expiry date | Exercise Price | No. of shares |
|---|---|---|
| 8 October 2019 | $1.30 | 2,500,000 |
| 30 November 2020 | $0.08 | 20,000,000 |
| 30 November 2020 | $0.08 | 1,500,000 |
| | | **24,000,000** |

The number and pricing of options have been restated on a post-consolidation basis.

*Weighted average remaining contractual life*

The weighted average remaining contractual life for share options outstanding as at 30 June 2019 is 1.30 years (2018: 0.43 years).

*Range of exercise price*

The range of exercise prices for options outstanding at the end of the year was $0.08 - $1.30 (2018: $0.12 - $1.30). As the range of exercise prices is wide, refer to the above table for further information in assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

Note the exercise prices have been restated on a post-consolidation basis.

**19. Share based payments (continued)**

*Weighted average fair value*

The weighted average fair value of options granted during the year was $0.08 (2018: $nil).

**Cancellation of performance rights**

In the prior financial year, 16,000,000 performance rights were issued to employees and KMPs 2,000,000 of which were cancelled on the removal of Dr Susan Vearncombe as Non-Executive Director.

During the period 12,000,000 performance rights were cancelled due to the removal of Ms Bronwyn Barnes as Non-Executive Director, Wade Evans resignation as CEO and Nick Franey as General Manager Geology. Consequently, an adjustment of $528,000 arose in the share based payments reserve.

No performance rights were issued during the period.

**20. Financial instruments**

*Financial risk management*

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group's principal financial instruments comprise receivables, payables, borrowings, cash and short-term deposits. All financial assets measured at fair value are considered to be Level 1 financial assets. That is, they have quoted prices in active markets for identical assets.

*Risk exposures and responses*

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates via assessments of market forecasts for interest rates and monitoring liquidity risk through the development of future rolling cash flow forecasts.

The Group does not use any form of derivatives as the Group's operations and related financial instruments are not at a level of complexity to require the use of derivatives to hedge its exposures. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

*Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's potential concentration of credit risk consists mainly of cash deposits with banks and other receivables. The Group's short term cash surpluses are placed with banks that have investment grade ratings.

The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the balance sheet date. The Group considers the credit standing of counterparties when making deposits to manage the credit risk.

Considering the nature of the Group's ultimate customers and the relevant terms and conditions entered into with such customers, the Group believes that the credit risk is immaterial.

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**20. Financial instruments (continued)**

*Liquidity risk*

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate cash reserves either from funds raised in the market or via short term loans and by continuously monitoring forecast and actual cash flows.

The following are the contractual and expected maturities of the Group's non-derivative, non-cash financial assets and the Group's expected maturities of financial liabilities:

| | Within 6 months | 6 to 12 months | >12 months | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **As at 30 June 2019** | | | | |
| Financial assets | | | | |
| Trade and other receivables | 19,314 | - | - | 19,314 |
| | 19,314 | - | - | 19,314 |
| Financial liabilities | | | | |
| Trade and other payables | 158,121 | - | - | 158,121 |
| Provisions | 127,687 | - | - | 127,687 |
| Borrowings - current | - | - | - | - |
| | 285,808 | - | - | 285,808 |
| Net outflow | **(266,494)** | **-** | **-** | **(266,494)** |
| **As at 30 June 2018** | | | | |
| Financial assets | | | | |
| Trade and other receivables | 31,532 | - | - | 31,532 |
| | 31,532 | - | - | 31,532 |
| Financial liabilities | | | | |
| Trade and other payables | 263,797 | - | - | 263,797 |
| Provisions | 134,778 | - | - | 134,778 |
| Borrowings - current | 40,000 | - | - | 40,000 |
| | 438,575 | - | - | 438,575 |
| Net outflow | **(407,043)** | **-** | **-** | **(407,043)** |

*Equity price risk*

Equity price risk is the risk that the value of the Group's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

*Capital risk management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration, evaluation and development of its mineral projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

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**20. Financial instruments (continued)**

Due to the Group being principally involved in mineral exploration, the primary source of funding is equity raisings.

The Company also encourages employees and directors to be shareholders through its various equity-based long-term incentives as detailed in Note 21.

As at 30 June 2019, the Group had a net working capital of $1,592,347 (2018: $4,292,433), The Group's net asset position was $20,275,321 (2018: $21,234,734).

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

The Group is not subject to externally imposed capital requirements.

*Fair value*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

The financial assets and liabilities included in the assets and liabilities of the Group approximate net fair value, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

*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 Group'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 the return.

*Cash flow interest rate risk*

The Group is exposed to interest rate risk, primarily on its cash and cash equivalents. Cash flow interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest- bearing financial instruments. The Group does not use derivatives to mitigate these exposures. The interest rate on the short term loan is fixed.

The interest rate profile of the Group's interest-bearing financial instruments was:

| | | | Fixed interest rate maturity | | | |
|---|---|---|---|---|---|---|
| | Average interest rate | Variable interest rate | Less than 1 year | 1 to 5 years | More than 5 years | Total |
| | % | A$ | A$ | A$ | A$ | A$ |
| **At 30 June 2019** | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 3.4 | 1,858,841 | - | - | - | 1,858,841 |
| Financial liabilities | | | | | | |
| Borrowings - current | - | - | - | - | - | - |
| **At 30 June 2018** | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 3.3 | 3,178,861 | - | - | - | 3,178,861 |
| Financial liabilities | | | | | | |
| Borrowings - current | 12.0 | - | 40,000 | - | - | 40,000 |

## 20. Financial instruments (continued)

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have no material impact on the income statement. There would be no effect on the equity reserves other than those directly related to income statement.

## 21. Related parties

*Key management personnel compensation*

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the Group during the year comprised:

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits | 264,481 | 346,763 |
| Post-employment benefits | 10,788 | 28,722 |
| Termination benefits | 57,500 | 86,336 |
| Share-based payments | 351,500 | 440,000 |
| | **684,269** | **901,821** |

Other than the directors and Chief Executive Officer, no other person is concerned in, or takes part in, the management of the Group or has the authority and responsibility for planning, directing and controlling the activities of the Group.

*Short-term employee benefits*

These amounts include fees and benefits paid to the Non-Executive Directors as well as all fees, salary, paid leave, fringe benefits awarded to Executive Directors as well as the Chief Executive Officer.

*Post-employment benefits*

These represent the cost of superannuation contributions made during the year.

*Share-based payments*

These amounts represent expense related to the participation of directors in equity-settled benefit schemes as measured by the fair value of options or rights granted on the grant date.

Further information in relations to key management personnel remuneration can be found in the directors' report.

*Individual directors and executives compensation disclosures*

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

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests at year-end.

*Key management personnel and director transactions*

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

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## 22. Commitments and contingent liabilities

Exploration expenditure commitments in respect of tenement holdings

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Payable not later than 12 months | 697,360 | 1,580,780 |
| Payable between 12 months and 5 years | 3,486,800 | 6,323,120 |
| | **4,184,160** | **7,903,900** |

*Contingent liability*

As outlined at Note 14, the OSR is still undergoing a review process for additional stamp duty in respect to the share purchase acquisition of Auris Exploration Pty Ltd, and are yet to issue their final assessment. No further provision (in addition to that at Note 14) has been provided for any additional duty that may arise, as management believe they have adequately substantiated the remaining items in dispute. However, final determination of additional stamp duty to be paid is yet to be agreed with the OSR and therefore maybe more than outlined at Note 14, however as of today's date it is impossible to predict with reasonable certainty the extent of any additional costs.

## 23. Events subsequent to reporting date

Except for the events noted below, no other material events have occurred subsequent to the reporting date.

- On 15 July 2019, air core drilling commenced at Cashman, Morck Well West and Horseshoe Well Projects.
- One 23 July 2019, Auris Minerals earnt 70% of Northern Star Cheroona JV.
- On 31 July 2019, Auris Minerals completed air core drilling at Cashman, Feathercap and Horseshoe Well.
- On 4 September 2019, Auris Minerals announced gold potential within the Horseshoe Well Project.
- On 9 September 2019, significant gold results returned from air core drilling.
- On 20 September 2019, Sandfire Resources NL farm-in to Cashman Project.

## 24. Restatement of comparative

Details for the prior period restatements are as follows:

1. The financial asset was restated to its fair value at 30 June 2018 to reflect the adoption of AASB 9.
2. Expiry of options in the prior period were incorrectly taken up in the share based payments reserve.

The impact of the restatements are as follows:

| | Before restatement | Adjustment | Restated |
|---|---|---|---|
| 1. Financial asset | 1,200,000 | 320,615 | 1,520,615 |
| 2. Share based payment reserve | 1,241,125 | (745,164) | 1,986,289 |

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In the opinion of the directors of Auris Minerals Limited

(a) the Consolidated Financial Statements and Notes, as set out on pages 50 to 78, and the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

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

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a);

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer (equivalent) and Chief Financial Officer (equivalent) for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the directors.



**NEVILLE BASSETT**
**NON-EXECUTIVE CHAIR**

Dated at West Perth this 26th day of September 2019

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# Independent Audit Report to the members of Auris Minerals Limited

## Report on the Audit of the Financial Report

### Opinion

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

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

### Basis for Opinion

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

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

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

### Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1 to the financial statements which outlines that the ability of the Group to continue as a going concern is dependent on the ability of the Group to secure additional funding through either the issue of further shares and/or options.

As a result there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report

### Key Audit Matters

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

**Capitalised Exploration Expenditure**
Refer to Note 10, Capitalised Exploration Expenditure ($18,619,932) and accounting policy Notes 2f

| Key Audit Matter | How our audit addressed the matter |
|---|---|
| Auris Minerals Limited has a significant amount of capitalised exploration expenditure. As the carrying value of exploration expenditure represents a significant asset of the company, we considered it necessary to assess whether facts and circumstances existed to suggest the carrying amount of this asset may exceed its recoverable amount. | Our audit work included, but was not restricted to, the following:<br>• We obtained evidence that the company has valid rights to explore in the areas represented by the capitalised exploration by obtaining independent searches of a sample of the group's tenement holdings.<br>• We enquired with management and reviewed budgets to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the company's areas of interest were planned.<br>• We enquired with management, reviewed announcements made and reviewed minutes of directors' meetings to ensure that the company had not decided to discontinue activities in any of its areas of interest.<br>• We enquired with management to ensure that the company had not decided to proceed with development of a specific area of interest, yet the carrying amount of the exploration and evaluation asset was unlikely to be recovered in full from successful development or sale. |

**Other Information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and

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perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

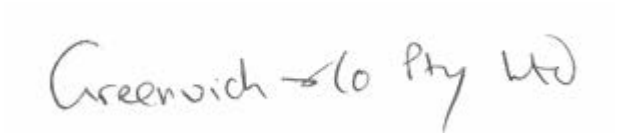
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

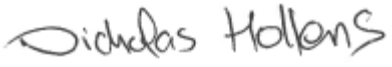
We have audited the Remuneration Report included in pages 25 to 29 of the directors' report for the year ended 30 June 2019. The directors of the Auris Minerals Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

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



**Greenwich & Co Audit Pty Ltd**



**Nicholas Hollens**
Managing Director

Perth
26 September 2019

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