Annual Report
For the Year Ended 30 June 2019

Corporate Directory

Registration Number: 39994

Directors

Mladen Ninkov	Chairman
Roger Goodwin	
Malcolm Randall	
Rupert Crowe	

Company Secretary

Catharine Lymberry

Principal Office

Level 9 BGC Centre, 28 The Esplanade
Perth, WA 6000, Australia
Telephone: +61 (8) 9321 0544
Email: spitfire@spitfireoil.com
Web site: www.spitfireoil.com

Registered Office

Clarendon House, 2 Church Street, Hamilton HM11, Bermuda

London Correspondent Office

8th Floor, Royal Trust House, 54 Jermyn Street, London, SW1Y 6LX, United Kingdom

Nominated Advisor & Broker for AIM

Panmure Gordon (UK) Limited
One New Change, London, EC4M 9AF, United Kingdom

Auditors

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

Solicitors

Hunt & Humphrey
Level 2, Hyatt Centre, 20 Terrace Road, East Perth, WA 6004, Australia

Addleshaw Goddard LLP
Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, United Kingdom

Conyers Dill & Pearman
Clarendon House, Church Street, PO Box HM666, Hamilton HMCX, Bermuda

Registrars & Transfer Agents

Link Market Services (Jersey) Limited,
12 Castle Street, St Helier, Jersey, JE2 3RT, United Kingdom

Contents

Chairman's Statement 2019

I enclose the Annual Report and Accounts of Spitfire Oil Limited ("Spitfire" or the "Company") for the 2018/2019 financial year.

During the 2018/19 financial year all efforts were made to commercially advance the Salmon Gums lignite deposits either through new technology, partnership or sale. Against a background of relatively low oil prices and significant anti fossil fuel sentiment, it was concluded it was no longer prudent to maintain the expenditure required to retain the Salmon Gum's retention licence and consequently it was relinquished on the 30th August 2019.

With the relinquishment of the retention licence, the Company is now an AIM Rule 15 cash shell. The directors continue to be focused and motivated on acquiring another company, project or venture which has the potential to bring significant value to shareholders. Whilst a number of such ventures have been identified or forwarded to the Company, none have reached the stage of being evaluated or due diligence completed to conclude an acquisition by the 29th February 2020, the date at which the Company's shares will be suspended from trading on AIM pursuant to AIM Rule 40.

As soon as an acquisition can be made the directors will seek the re admission of the Company's shares onto AIM. If an acquisition cannot be successfully completed in a reasonable period of time, then the Company may be liquidated and surplus funds returned to shareholders.

Mladen Ninkov
Chairman
13th December 2019

Review of Operations for 2018/2019

Financial

Spitfire Oil Limited ("the Company") and its wholly owned subsidiary, Spitfire Oil Pty Ltd ("Spitfire"), together ("the Group"), recorded a loss before tax for the year ended 30th June 2019 of A$936,103 (2018: A$1,350,901), after providing $763,507 (2018: $1,116,767) for diminution in value of the Salmon Gums tenements. The Group benefited from interest receivable of A$26,610 (2018: A$63,405). Operating costs of A$199,206 (2018: A$297,539) were incurred. A$313,507 (2018: A$316,767) was incurred and capitalised on licence fees and tenement management.

On 30th August 2019, following a further review of the economic feasibility of the Salmon Gums lignite project, in particular with consideration of the current and long term forecast for the continued relatively low oil prices and the continuing costs of maintaining the retention licence over the Salmon Gums tenements, Spitfire relinquished the retention licence over the Salmon Gums lignite tenements and as a result all costs incurred in respect of the Salmon Gums lignite venture have been written off and charged to profit and loss.

Operations

Following the renewal of the retention licence over the Salmon Gums lignite deposits in September 2018, the Group continued to explore the feasibility of extracting liquid hydrocarbons from the Salmon Gums lignite deposits on a commercial basis. Despite these efforts and in seeking joint venture partners to further develop the venture, on 30th August 2019, following a further review of the economic feasibility of the Salmon Gums lignite project, in particular with consideration of the current and long term forecast for the continued relatively low oil prices and the continuing costs of maintaining the retention licence over the Salmon Gums tenements, Spitfire relinquished the retention licence over the Salmon Gums lignite tenements.

With the relinquishment of the retention licence, the Company becomes an AIM Rule 15 cash shell. As such, the Company is required to make an acquisition (or acquisitions) which constitutes a reverse takeover under AIM Rule 14 on or before 29 February 2020. If no such acquisition is completed by 29 February 2020, the Company's shares would then be suspended from trading on AIM pursuant to AIM Rule 40.

The Group has continued to keep its running costs to a minimum while reviewing possible new projects.

Directors' Report

The directors submit their report on the consolidated entity (referred to hereafter as "the Group") consisting of Spitfire Oil Limited ("the Company") and the entity it controlled at the end of the year ended 30 June 2019.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Mladen Ninkov	Chairman
Mr Rupert Crowe	Director
Mr Roger Goodwin	Director
Mr Malcolm Randall	Director

Interests in the shares and options of the Company

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

	Ordinary Shares	Options over Ordinary Shares
Mladen Ninkov	-	-
Roger Goodwin	1	-
Rupert Crowe	250,000	-
Malcolm Randall	550,000	-

PRINCIPAL ACTIVITIES

The principle activity of the Group during the financial year was the exploration and development of the Salmon Gums Lignite Deposit ("the Deposit") in Western Australia with a view to produce liquid hydrocarbons, including fuels and distillates, from the deposit. On 30th August 2019 the Group relinquished its interests in, and ceased activities at the Salmon Gums lignite deposits. With the cessation of activities at Salmon Gums, the Company becomes a cash shell. The directors are considering suitable projects for acquisition.

A review of the Group's operation and an indication of likely future developments are set out in the Review of Operations Report shown on pages 3 to 4.

DIVIDENDS

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

REVIEW AND RESULT OF OPERATIONS

The Group recorded a loss after tax for the year ended 30th June 2019 of A$936,103 (2018: A$1,350,901), after providing $763,507 (2018: $1,116,767) for diminution in value of the Salmon Gums tenements.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

As noted above on 30th August 2019, following a further review of the economic feasibility of the Salmon Gums lignite project, in particular with consideration of the current and long term forecast for the continued relatively low oil prices and the continuing costs of maintaining the retention licence over the Salmon Gums tenements, the Company relinquished the retention licence over the Salmon Gums lignite tenements.

ENVIRONMENTAL REGULATION AND PERFORMANCE

During the year, Spitfire held a 100% interest in a retention licence in Western Australia. The various authorities granting such license require the licence holder to comply with directions given to it under the terms of the grant of the licence. To the director's knowledge and having made appropriate enquiries, there have been no significant breaches of the Company's licence conditions in regards to environmental regulations and requirements.

Directors' Report continued

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for the key management personnel of the Group.

The key management personnel of the Group during the year were:

Mr Mladen Ninkov
Mr Rupert Crowe
Mr Roger Goodwin
Mr Malcom Randall

REMUNERATION POLICY

Remuneration of all executive and non-executive directors, officers and employees of the Group is determined by the board of directors.

The Company is committed to remunerating senior executives in a manner that is market-competitive and consistent with "Best Practice" including the interests of shareholders. Remuneration packages are based on fixed and variable components, determined by the executives' position, experience and performance, and may be satisfied via cash or equity.

Non-executive directors are remunerated at a level that is consistent with market and industry standards. The cash remuneration of non-executive directors consists only of directors' fees and no retirement benefits are payable other than statutory superannuation, if applicable.

REMUNERATION POLICY VS CONSOLIDATED GROUP FINANCIAL PERFORMANCE

The Group's remuneration policy has been based on industry practice rather than Group performance and takes into account the risk and liabilities assumed by the directors and executives as a result of their involvement in the speculative activities undertaken by the Group. Directors and executives are fairly compensated for the extensive work they undertake.

The Group envisages its performance in terms of earnings will remain negative whilst the Group continues in the exploration and development phase. Shareholder wealth reflects this speculative and volatile market sector.

PERFORMANCE BASED REMUNERATION

No performance based bonuses were issued during the reporting year.

DETAILS OF REMUNERATION

	Short-Term			Post Employment	Share-based Payments	Total	Performance based %
	Cash Salary & Fees	Allowances	Non-Monetary Benefits	Superannuation	Options		
	A$	A$	A$	A$	A$	A$	
Directors							
Mr Mladen Ninkov(1)							
2019	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
Mr Rupert Crowe							
2019	-	-	-	-	-	-	-
2018	13,699	-	-	1,301	-	15,000	-
Mr Roger Goodwin							
2019	-	-	-	-	-	-	-
2018	15,000	-	-	-	-	15,000	-
Mr Malcolm Randall							
2019	-	-	-	-	-	-	-
2018	13,699	-	-	1,301	-	15,000	-
Total key management personnel compensation							
2019	-	-	-	-	-	-	-
2018	42,398	-	-	2,602	-	45,000	-

(1) Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for the Keynes Trust, received fees under a consultancy agreement of A$ Nil (2018: A$75,342), for the provision of advisory and support services to the Group during the year. Mladen Ninkov is a director and employee of Keynes Investments Pty Limited.

Directors' Report continued

SHARE-BASED REMUNERATION

No options over the Company's shares were granted or exercised in the year to 30th June 2019 (2018: $nil) and there were no options over the Company's shares outstanding at 30th June 2019 (2018: $nil).

PERFORMANCE INCOME AS A PROPORTION OF TOTAL REMUNERATION

All executives are eligible to receive incentives whether through employment contracts or by the recommendation of the board. Their performance payments are based on values, set number of shares or options or as a portion of base salary. There is no fixed proportion between incentive and non-incentive remuneration.

End of audited Remuneration Report.

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year the Company entered into an insurance policy to indemnify directors and officers against certain liabilities incurred as a director or officer, including costs and expenses associated in successfully defending legal proceedings. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Consolidated Group or any related body corporate against a liability incurred as such an officer or auditor.

CORPORATE GOVERNANCE

The Company is incorporated in Bermuda which does not have formal an overarching corporate governance code. Under common law in Bermuda, shareholders are entitled to have the affairs of the Company conducted in accordance with general law and the Company's memorandum of association and bye laws. The directors have, however, adopted and applied the principles of the UK Quoted Company ("QCA":) corporate governance code. The directors seek to add value, manage risks and minimise costs to ensure the long term sustainability of the Company and its business.

The board of directors includes a number of non-executive directors who, other than their shareholdings, are considered to be independent as their shareholdings are less than 0.2% of the Company's issued share capital and are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Board meets regularly and is responsible for the overall strategy of the Group, its performance, management and major financial matters. All directors are subject to re-appointment annually at each annual general meeting of the Company's shareholders.

The Board has formally established an audit committee, a nominations, and a remuneration committee..

As required by Bermuda company law all the directors are shareholders in the Company to align their interests with that of the shareholders.

Various safeguards and checks have been instigated as part of the Company's system of financial control. These include:

- preparation of regular financial reports and management accounts
- preparation and review of capital and operational budgets
- preparation of regular operational reports
- prior approval of capital and other significant expenditure
- regular review and assessment of foreign exchange risk and requirements
- regular review of commodity prices and assessment of hedging requirements

The Company and its directors having reviewed and considered the various corporate governance codes have adopted the Corporate Governance Code published by the UK Quoted Company Alliance ("QCA") and the principles contained therein. The directors recognise the principles in the QCA code and have applied these where appropriate.

In view of the size of the Company and limited activities much of the principles and guidelines recommended by the QCA corporate governance code are yet to be applied or held in abeyance pending expansion of the Company's interests and activities.

Directors' Report continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Bermudan company law and generally accepted best practice requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these accounts, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on a going concern basis as deemed appropriate on the presumption the Group will continue in business.

In so far as the directors are aware:

- there is no relevant information of which the Group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Bermuda Companies Act 1981 as amended. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in Bermuda, the United Kingdom and Australia governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

This report is made in accordance with a resolution of directors for and on behalf of the board.

Mr Roger Goodwin
Director
Spitfire Oil Limited

Dated: 13th December 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2019	Notes	2019 A$	2018 A$
OTHER INCOME	4	**26,610**	63,405
EXPENDITURE			
Corporate expenses	5	**(112,438)**	(217,641)
Other expenses	5	**(86,768)**	(79,898)
Impairment - exploration and evaluation costs	6	**(763,507)**	(1,116,767)
LOSS BEFORE INCOME TAX		**(936,103)**	(1,350,901)
INCOME TAX	7	**-**	-
LOSS AFTER INCOME TAX		**(936,103)**	(1,350,901)
OTHER COMPREHENSIVE INCOME, NET OF TAX		**-**	-
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF SPITFIRE OIL LIMITED		**(936,103)**	(1,350,901)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	24	**(3.6)**	(5.22)

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

Consolidated Statement of Financial Position

AS AT 30 JUNE 2019	Notes	2019 A$	2018 A$
CURRENT ASSETS			
Cash and cash equivalents	8	**2,124,200**	2,560,120
Trade and other receivables	9	**1,405**	-
Accrued revenues	9	**-**	23,229
Other current assets	9	**21,499**	28,954
TOTAL CURRENT ASSETS		**2,147,104**	2,612,303
NON-CURRENT ASSETS			
Capitalised exploration and evaluation costs	12	**-**	450,000
Office equipment	11	**-**	-
Other non-current assets	10	**45,000**	45,000
TOTAL NON-CURRENT ASSETS		**45,000**	495,000
TOTAL ASSETS		**2,192,104**	3,107,303
CURRENT LIABILITIES			
Trade and other payables	13	**57,774**	36,870
TOTAL CURRENT LIABILITIES		**57,774**	36,870
TOTAL LIABILITIES		**57,774**	36,870
NET ASSETS		**2,134,330**	3,070,433
EQUITY			
Issued capital	14	**19,289,284**	19,289,284
Reserves		**-**	-
Accumulated losses	15	**(17,154,954)**	(16,218,851)
TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		**2,134,330**	3,070,433

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

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2019	Notes	Issued Capital A$	Accumulated Losses A$	Total A$
BALANCE AT 30 JUNE 2017		19,289,284	(14,867,950)	4,421,334
Loss for the year	15	-	(1,350,901)	(1,350,901)
TOTAL COMPREHENSIVE LOSS		-	(1,350,901)	(1,350,901)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Transaction with owners		-	-	-
BALANCE AT 30 JUNE 2018		**19,289,284**	**(16,218,851)**	**3,070,433**
Loss for the year	15	-	**(936,103)**	**(936,103)**
TOTAL COMPREHENSIVE LOSS		-	**(936,103)**	**(936,103)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Transaction with owners		-	-	-
BALANCE AT 30 JUNE 2019		**19,289,284**	**(17,154,954)**	**2,134,330**

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

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2019	Notes	2019 A$	2018 A$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(167,158)**	(342,724)
Interest received		**49,839**	50,688
NET CASH FLOWS USED IN OPERATING ACTIVITIES	23	**(117,319)**	(292,036)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		**(313,507)**	(316,767)
NET CASH OUTFLOWS USED IN INVESTING ACTIVITIES		**(313,507)**	(316,767)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(430,826)**	(608,803)
Cash and cash equivalents at the beginning of the financial year		**2,560,120**	3,170,851
Effects of exchange rate changes on cash and cash equivalents		**(5,094)**	(1,928)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	**2,124,200**	2,560,120

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

Notes to the Consolidated Financial Statements

30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Spitfire Oil Limited and its controlled entity. The financial statements are presented in the Australian currency as this is the operational currency of the majority of the consolidated entity's business. Spitfire Oil Limited is a company limited by shares, domiciled and incorporated in Bermuda, with its ordinary shares traded on the Alternative Investment Market (AIM) of the London Stock Exchange. The registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The financial statements were authorised for issue by the directors on 13th December 2019. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. Spitfire Oil Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2018 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2018.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Principles of consolidation

Subsidiaries

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

Subsidiaries are all of those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

(c) Going Concern

The financial statements have been prepared on a going concern basis, which assumes the commercial realisation of the future potential of the Group's assets and discharge of its liabilities in the normal course of business.

As disclosed in the financial statements the Group recorded a loss after tax of $936,103 (2018: $1,350,901) and cash outflow from operating activities of $117,319 (2018: $292,036) in the year ended 30th June 2019 and had current assets of $2,147,104 (2018 $2,612,303) at 30th June 2019.

With the relinquishment of the Salmon Gums lignite deposits the Company in effect becomes a cash shell and will be delisted from AIM on 28th February 2020, with future expenditure minimised allowing the Company to continue until a new business is acquired or the Company dissolved. As soon as an acquisition can be made the directors will seek the re admission of the Company's shares onto AIM. If an acquisition cannot be successfully completed in a reasonable period of time, then the Company may be liquidated and surplus funds returned to shareholders. Accordingly, the accompanying financial statements are prepared to disclose assets at their historic carrying amounts and fair values where appropriate, and liabilities as due.

Notes to the Consolidated Financial Statements

30 JUNE 2019

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

(d) Segment reporting

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

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(f) Income recognition

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

(g) Income tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For capitalised exploration and evaluation costs facts and circumstances to be considered include periods of tenure, budgeted expenditure, and exploration and evaluation results achieved. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements

30 JUNE 2019

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

i) Cash and cash equivalents

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

(j) Trade and other receivables

Receivables, including performance bonds, are recognised and initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

(k) Plant and equipment

All plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	*Depreciation Rate*
Computer Equipment	33%
Furniture and Fittings	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(l) Capitalised exploration and evaluation costs

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

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

Once technical feasibility and commercial viability can be demonstrated exploration and evaluation expenditure is transferred to either property, plant and equipment or intangible assets, depending on their nature.

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.

(m) Trade and other payables

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

(n) Employee benefits

(i) Wages and salaries and annual leave

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include; wages; salaries; and annual leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Consolidated Financial Statements

30 JUNE 2019

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

(ii) Share-based payments

Equity-settled payments are measured at fair value at the date of grant. Fair value is measured by use of an option pricing model or other appropriate option pricing model as required. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability and exercise restrictions.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at the reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

(o) Issued capital

Ordinary shares are classified as equity.

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

(p) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(q) Goods and Services Tax (GST)

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

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

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

Notes to the Consolidated Financial Statements

30 JUNE 2019

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

(r) Adoption of new and revised accounting standards

During the year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has not significantly impacted the recognition, measurement and disclosure of the transactions of the Group and its consolidated financial statements for the year ended 30 June 2019.

IFRS9: Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

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

Classification and initial measurement of financial assets

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

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorized as FVTPL or FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

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

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IFRS 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.
In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Financial asset impairment under IFRS 139 (Comparative periods June 30, 2018)

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

Notes to the Consolidated Financial Statements

30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)
(r) Adoption of new and revised accounting standards (cont'd)

IFRS9 Financial Instruments continued.

Trade and other receivables and contract assets
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Trade and other receivables (Comparative period June 30, 2018)
Trade receivables, which generally have 30- to 90-day terms, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an on-going basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognized when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments and debts more than 90 days overdue may be considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.
The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

Classification and measurement of financial liabilities
As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IFRS 139, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

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

Trade and other payables (Comparative period June 30, 2019)
Trade payables and other payables are carried at amortized cost and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Financial Instruments (Comparative period June 30, 2018)

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

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

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

- Loans and receivables;
- Financial assets at Fair Value Through Profit or Loss ('FVTPL');
- Held-To-Maturity ('HTM') investments; or
- Available-For-Sale ('AFS') financial assets.

Notes to the Consolidated Financial Statements

30 JUNE 2019

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

(r) Adoption of new and revised accounting standards (cont'd)

IFRS9 Financial Instruments continued.

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

All income and expenses relating to financial assets that are recognized in the Statement of Profit or Loss and Other Comprehensive Income are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include borrowings, trade and other payables.
Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

(s) New accounting standards and interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. The Group's assessment of the impact of applicable new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.

(t) Critical accounting judgements, estimates and assumptions
The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:
Exploration and evaluation expenditure
The exploration and evaluation expenditure is reviewed regularly to ensure that the capitalised expenditure is only carried forward to the extent that it is expected to be recouped through the successful development of the areas of interest or when activities in the areas of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Refer Note 12.

Share based payments
No options issued as share based payments during the year ending 30 June 2019.

Notes to the Consolidated Financial Statements

30 JUNE 2019

2. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly in Australia with a representative office in the United Kingdom and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Great British Pound.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. Foreign currency risk is measured by regular review of cash forecasts, monitoring the dollar amount and currencies that payment are anticipated to be paid in. The Group also considers the market fluctuations in relevant currencies to determine the level of exposure. If the level of exposure is considered by management to be too high, then management has authority to take steps to reduce the risk. Steps to reduce risk may include the acquisition of foreign currency ahead of the anticipated due date or may include negotiations with suppliers to make payment in GBP. Should management determine that the Group should consider taking out a hedge to reduce the foreign currency risk, they would need to seek Board approval.

Sterling amounts translated into Australian dollars and the Group's exposure to foreign currency risk at the reporting date was as follows:

	Consolidated	
	2019	2018
	A$	A$
Cash and cash equivalents	**28,484**	24,019
Other assets	**19,635**	28,954
Trade and other payables	**(47,774)**	(26,870)
Statement of financial position	**345**	26,103

Sensitivity analysis

Based on the financial instruments held at 30 June 2019, had the Australian dollar weakened/strengthened by 10% against the Great British Pound with all other variables held constant, the Group's post tax loss for the year would have been A$542 higher/lower (2018: A$2,610 lower/higher), and there would have been a corresponding change to the Group's equity for both years presented.

(ii) Price risk

Given the current level of operations the Group is not exposed to price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents, plus the performance bond included in other current assets, for the Group of A$2,169,200 (2018: A$2,605,120) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group was 1.2% (2018: 2.2%).

Sensitivity analysis

At 30 June 2019, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been A$23,000 lower/higher (2018: A$29,000), with a corresponding change to the Group's equity, as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Group does not have any significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of cash and cash equivalents, trade and other receivables and other financial assets. To reduce risk exposure for the Group's cash and cash equivalents, it places them with high credit quality financial institutions. The Group currently deposits the majority of its funds with National Australia Bank to whom Standard and Poor's has ascribed a credit rating of AA-.

The Group does not have any trade and other receivables at 30 June 2019. Historically the Group has had minimal trade and other receivables, with the majority of its funding being provided via shareholder investment.

Notes to the Consolidated Financial Statements

30 JUNE 2019

2. FINANCIAL RISK MANAGEMENT continued

(c) Liquidity risk

The Group is exposed to liquidity risk via its trade and other payables. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the Group's Management at Board meetings to ensure that the Group continues to be able to meet its debts as and when they fall due. Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the additional activity. The Board considers when reviewing its undiscounted cash flows forecasts whether the consolidated group needs to raise additional funding from the equity markets.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

The Group is exposed to liquidity risk via its trade and other payables. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the Group's Management at Board meetings to ensure that the Group continues to be able to meet its debts as and when they fall due. Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the additional activity. The Board considers when reviewing its undiscounted cash flows forecasts whether the consolidated group needs to raise additional funding from the equity markets.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their carrying amount.

The carrying value of trade receivables, performance bonds and payables are assumed to approximate their fair values due to their short-term nature.

(e) Financial assets and liabilities

The carrying amounts of financial assets and financial liabilities are as follows:

	Note	Consolidated					
			2019			2018	
		Floating interest rate	Non-interest bearing	Total	Floating interest rate	Non-interest bearing	Total
		A$		A$			A$
Financial assets							
GST receivable	9	**-**	**1,405**	**1,405**	-	-	-
Term deposit	10	**-**	**45,000**	**45,000**	-	45,000	45,000
Cash and cash equivalents (carried at amortised cost)	8	**2,000,000**	**124,200**	**2,124,200**	2,450,000	110,120	2,560,120
Total financial assets		**2,000,000**	**170,605**	**2,170,605**	2,450,000	155,120	2,605,120
Weighted average interest rate		**2.2%**			2.2%		
Financial liabilities							
Trade payables and accrued expenses	13	**-**	**57,774**	**57,774**	-	36,870	36,870
Total financial liabilities		**-**	**57,774**	**57,774**	-	36,870	36,870
Net financial assets / (liabilities)		**2,000,000**	**112,831**	**2,112,831**	2,450,000	118,250	2,568,250

Notes to the Consolidated Financial Statements

30 JUNE 2019

2. FINANCIAL RISK MANAGEMENT continued

(f) Categories of financial assets and liabilities

Note 1 provides a description of each category of financial assets and financial liabilities and the related accounting policies.

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Consolidated Assets at fair value through profit or loss $	Financial assets at amortised cost $	Total $
30 June 2019				
Financial assets				
GST receivable	9	-	**1,405**	**1,405**
Term deposit	10	-	**45,000**	**45,000**
Cash and cash equivalents	8	-	**2,124,200**	**2,124,200**
Total financial assets		-	**2,170,605**	**2,170,605**

	Notes	Financial liabilities at amortised cost $	Total $
30 June 2019			
Financial liabilities			
Trade payables and accrued expenses	13	**57,774**	**57,774**

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 2.

Notes to the Consolidated Financial Statements

30 JUNE 2019

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. For management purposes, the Group has identified only one reportable segment, being the exploration and mining for valuable resources that produce energy in Australia.

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

	Consolidated	
	2019	2018
	A$	A$
Exploration segment		
Segment revenue	-	-
Reconciliation of segment revenue to total revenue before tax:		
Interest income	**26,610**	63,405
Total income	**26,610**	63,405
Segment results		
Reconciliation of segment result to net loss before tax:		
Other corporate and administration	**(199,206)**	(297,539)
Provisions for impairment	**(763,507)**	(1,116,767)
Net loss before tax	**(936,103)**	(1,350,901)
Segment operating assets	-	450,000
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	**2,192,104**	2,657,303
Total assets	**2,192,104**	3,107,303
Segment operating liabilities	-	-
Reconciliation of segment operating liabilities to total liabilities:		
Other corporate and administration loiabilities	**57,774**	36,870
Total liabilities	**57,774**	36,870

4. OTHER INCOME

Non-operating income		
Interest	**26,610**	63,405

Notes to the Consolidated Financial Statements

30 JUNE 2019

	Consolidated 2019 A$	Consolidated 2018 A$
5. LOSS BEFORE INCOME TAX		
EXPENSES		
Corporate expenses		
Director and employee fees	-	45,000
Keynes fees (refer note 17(d))	-	75,342
Professional fees	**69,852**	63,629
Audit services	**42,586**	33,506
Depreciation	-	164
	112,438	217,641
Other expenses		
Foreign exchange losses	**5,094**	1,928
Other expenses from ordinary activities	**47,243**	48,242
Share registry, printing & postage	**34,431**	29,728
	86,768	79,898
TOTAL EXPENSES	**199,206**	297,539
6. IMPAIRMENT - EXPLORATION AND EVALUATION COSTS		
Exploration and evaluation asset impairment (note 12)	**763,507**	1,116,767
7. INCOME TAX		
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**936,103**	1,350,901
Prima facie tax benefit at rate of 30% (2018: 27.5%)	**280,831**	371,498
Adjustment for Parent Entity loss not taxable	**(54,842)**	(75,765)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Accrued revenues	**(6,968)**	3,497
Exploration costs (capitalised)/refunded	**94,052**	87,111
Provisions	**(229,052)**	(307,111)
Carry forward / (utilisation) of unrecognised tax losses	**(84,021)**	(79,230)
Income tax (expense)/benefit	-	-
(b) Unrecognised temporary differences		
Deferred Tax Assets at a rate of 30% (2018 – 27.5%)		
On Income Tax Account		
Carry forward tax losses	**4,178,420**	4,087,430
	4,178,420	4,087,430
Deferred Tax Liabilities at a rate of 30% (2018 – 27.5%)		
Capitalised exploration and evaluation costs	-	(135,000)
Net Unrecognised Deferred Tax Asset	**4,178,420**	3,952,430

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

No income tax is payable for the Company as the Company is incorporated in Bermuda where there is no tax payable on income.

Notes to the Consolidated Financial Statements

30 JUNE 2019

	Consolidated	
	2019	2018
	A$	A$
8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**2,124,200**	2,560,120
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**2,124,200**	2,560,120

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. All cash is held at banks with a AAA rating.

9. CURRENT ASSETS -

Trade and Other receivables		
GST receivable	**1,405**	-

None of the trade and other receivables are past due or impaired.

Accrued revenues	-	23,229
Prepayments	**21,499**	28,954

10. NON-CURRENT ASSETS - OTHER ASSETS

Term deposit	**45,000**	45,000

The term deposit is held as security for a tenement performance bond set by the Department of Mines and Petroleum.

11. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

Computer equipment		
Cost	**13,965**	13,965
Accumulated depreciation	**(13,965)**	(13,801)
Net book amount	-	164
Furniture and fittings		
Cost	**10,690**	10,690
Accumulated depreciation	**(10,690)**	(10,690)
Net book amount	-	-
Total plant and equipment	-	164
Movements in carrying amounts:		
Computer equipment		
Opening net book amount	-	164
Additions during the period	-	-
Depreciation expense	-	-
Closing net book amount	-	164
Furniture and fittings		
Opening net book amount	-	-
Depreciation expense	-	-
Closing net book amount	-	-

Notes to the Consolidated Financial Statements

30 JUNE 2019

	Consolidated 2019 A$	2018 A$
12. NON-CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION COSTS		
Opening balance	**450,000**	1,250,000
Additions	**313,507**	316,767
Amounts provided for impairment in value	**(763,507)**	(1,116,767)
Closing balance	-	450,000
Cost	**10,070,184**	9,756,677
Impairment provisions	**(10,070,184)**	(9,306,677)
Net carrying amount	-	450,000

On 30th August 2019, following a further review of the economic feasibility of the Salmon Gums lignite project, in particular with consideration of the current and long term forecast for the continued relatively low oil prices and the continuing costs of maintaining the retention licence over the Salmon Gums tenements, the Company relinquished the retention licence over the Salmon Gums lignite tenements. Accordingly, as at 30th June 2019, the Company has fully provided against the costs of these tenements to reduce the carrying value to nil.

The impairment loss of $763,507 (2018: $1,116,767) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income to reduce the carrying amount to nil.

With all work undertaken by Spitfire being in the nature of exploration work with no significant development work undertaken or infrastructure constructed at Salmon Gums, and exploration sites cleared at the end of each season, no provision for rehabilitation has been made.

COMMITMENTS FOR EXPENDITURE UNDER THESE TENEMENTS:

Less than one year	-	-
Between one and five years	-	-
	-	-

13. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Sundry payables and accrued expenses	**57,774**	36,870
	57,774	36,870

Notes to the Consolidated Financial Statements

30 JUNE 2019

	Consolidated	
	2019	2018

14. ISSUED CAPITAL

(a) Authorised capital

	Notes	Number of shares	A$	Number of shares	A$
Total authorised capital*		**100,000,000**	**10,000**	100,000,000	10,000

* The Company has authorised share capital of 100,000,000 ordinary shares at USD$0.0001 per share.

(b) Issued capital

	Notes	Number of shares	A$	Number of shares	A$
Ordinary shares fully paid	14(c), 14(e)	**25,884,001**	**2,930**	25,884,001	2,930
Share premium account			**19,286,354**		19,286,354
Total issued capital			**19,289,284**		19,289,284

(c) Movements in issued share capital

	Number of shares	A$	Number of shares	A$
Beginning of the financial year	**25,884,001**	**19,289,284**	**25,884,001**	**19,289,284**
Issue / purchase of shares in the period	**-**	**-**	-	-
End of the financial year	**25,884,001**	**19,289,284**	**25,884,001**	**19,289,284**

(d) Movements in options on issue

	Consolidated Number of options	
	2019	2018
Beginning of the financial year	-	-
Issued during the year:	-	-
Cancelled/expired during the year:	-	-
End of the financial year	-	-

(e) Ordinary shares

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

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

(f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Group's constitution. The capital structure of the Group consists of equity attributed to equity holders of the Group, comprising issued capital, reserves and accumulated losses disclosed in notes 14(b) and 15. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Group's Management the Board monitors the need to raise additional equity from the equity markets.

Notes to the Consolidated Financial Statements

30 JUNE 2019

	Consolidated 2019 A$	Consolidated 2018 A$
15. RESERVES AND ACCUMULATED LOSSES		
Accumulated losses		
Balance at beginning of year	**(16,218,851)**	(14,867,950)
Net loss for the year	**(936,103)**	(1,350,901)
Balance at end of year	**(17,154,954)**	(16,218,851)

16. DIVIDENDS

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

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2019	2018
Short-term benefits	-	42,398
Post-employment benefits	-	2,602
Share option expense	-	-
	-	45,000

Detailed remuneration disclosures are provided in the remuneration report on pages 5 to 6.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

No options issued as share based payments during the period ending 30 June 2019 (2018: nil).

(ii) Share holdings

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

2019	**Balance at start of the year**	**Received during the year on the exercise of options**	**Other changes during the year**	**Balance at end of the year**
Directors of Spitfire Oil Limited				
Ordinary shares				
Mladen Ninkov	-	-	-	-
Roger Goodwin	**1**	-	-	**1**
Rupert Crowe	**250,000**	-	-	**250,000**
Malcolm Randall	**550,000**	-	-	**550,000**

Notes to the Consolidated Financial Statements

30 JUNE 2019

	Consolidated	
	2019	2018
	A$	A$

(c) Loans to key management personnel

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

(d) Other transactions with key management personnel

Services

Keynes Capital, the registered business name of Keynes Investments Pty Limited as trustee for the Keynes Trust, received fees under a consultancy agreement of A$nil (2018: A$75,342), for the provision of advisory and support services to the Group during the year. Mladen Ninkov is a director and employee of Keynes Investments Pty Limited.

18. REMUNERATION OF AUDITORS

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

	2019 A$	2018 A$
Audit services		
Grant Thornton – audit of financial reports	**42,586**	33,506
Total remuneration for audit services	**42,586**	33,506
Non-audit services		
Grant Thornton – taxation compliance services	-	-
Total remuneration for non-audit services	-	-

19. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group and Company at balance date.

20. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. These transactions are disclosed at note 17(d).

Notes to the Consolidated Financial Statements

30 JUNE 2019

21. SUBSIDIARY

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

Name	Country of Incorporation	Class of Shares	Equity Holding(1)	
			2019	2018
			%	%
Spitfire Oil Pty Ltd	Australia	Ordinary	**100**	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

22. POST REPORTING DATE EVENTS

On 30th August 2019, following a further review of the economic feasibility of the Salmon Gums lignite project, in particular with consideration of the current and long term forecast for the continued relatively low oil prices and the continuing costs of maintaining the retention licence over the Salmon Gums tenements, the Company relinquished the retention licence over the Salmon Gums lignite tenements.

No other matter or circumstance has arisen since 30 June 2019, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

23. STATEMENT OF CASH FLOWS

	Consolidated	
	2019	2018
	A$	A$
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(936,103)**	(1,350,901)
Reconciling Items		
Depreciation expense	**-**	164
Exploration and evaluation asset impairment	**763,507**	1,116,767
Net exchange differences	**5,094**	1,928
Change in operating assets and liabilities		
(Increase) in trade and other receivables	**(1,405)**	-
Decrease / (increase) in other current assets	**7,455**	(7,569)
Decrease / (increase) in accrued revenues	**23,229**	(12,717)
Increase / (decrease) in trade and other payables	**20,904**	(39,708)
Net cash outflow from operating activities	**(117,319)**	(292,036)

24. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(936,103)**	(1,350,901)
	Number of shares	Number of shares
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**25,884,001**	25,884,001

25. COMMITMENTS

Commitments

The Company had no capital or exploration commitments at 30th June 2019 (2018 nil).

Notes to the Consolidated Financial Statements

30 JUNE 2019

26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Spitfire Oil Limited, at 30 June 2019. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2019 $	2018 $
Current assets	**48,119**	52,973
Non-current assets	**2,133,984**	3,044,330
Total assets	**2,182,103**	3,097,303
Current liabilities	**(47,774)**	(26,870)
Total liabilities	**(47,774)**	(26,870)
Net assets	**2,134,329**	3,070,433
Contributed equity	**19,289,284**	19,289,284
Accumulated losses	**(17,154,955)**	(16,218,851)
Total equity	**2,134,329**	3,070,433
Loss for the year	**(936,103)**	(1,350,901)
Total comprehensive loss for the year	**(936,103)**	(1,350,901)

The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 30

  (i) comply with Australian Accounting Standards and Interpretations and other mandatory professional reporting requirements; and

  (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

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

Mr Roger Goodwin
Director
Spitfire Oil Limited

Dated: 13th December 2019

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

Correspondence to:
PO Box 7757 Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
www.grantthornton.co.au

Independent Auditor's Report

To the Members of Spitfire Oil Limited

Report on the audit of the financial report

Opinion

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

In our opinion, the accompanying financial report of the Group:

a gives 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

b complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

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

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.
We have determined that there are no key audit matters to communicate in our report.

Grant Thornton

Information Other than the Financial Report and Auditor's Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Hillgrove
Partner – Audit & Assurance

Perth, 13 December 2019

This Page
Intentionally Left Blank

This Page
Intentionally Left Blank

This Page
Intentionally Left Blank

Shareholder Information

As at 30 June 2019:

NUMBER OF ORDINARY EQUITY SECURITIES IN ISSUE

Ordinary Shares

25,884,001 fully paid ordinary shares on issue

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholding should contact the Share Registry:
Link Market Services (Jersey) Limited
12 Castle Street,
St Helier, Jersey
United Kingdom JE2 3RT

CHANGE OF ADDRESS, CHANGE OF NAME, CONSOLIDATION OF SHAREHOLDING

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

REMOVAL FROM THE ANNUAL REPORT MAILING LIST

Shareholders who wish to receive the Annual Report should advise the Share Registry in writing. These shareholders will continue to receive all other shareholder information.

TAX FILE NUMBERS

It is important that Australian resident shareholder, including children, have their tax file number or exemption details noted by the Share Registry.

Spitfire Oil
Level 9 BGC Centre, 28 The Esplanade
Perth, WA 6000, Australia

Telephone: +61 (8) 9321 0544
Facsimile: +61 (8) 9321 7035