

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 009 118 861

AUDITED ANNUAL REPORT

30 JUNE 2019

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FOR THE YEAR ENDED 30 JUNE 2019

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CORPORATE DIRECTORY

Board of Directors

Mr John E Lynch

Mr Christopher Gale (appointed 6 March 2019)

Mr David Vilensky (appointed 6 March 2019)

Mr Graham White (resigned 6 March 2019)

Mr Andrew Harrington (resigned 6 March 2019)

Company Secretary

Mr Hemant Amin

Auditors

Hall Chadwick Audit (WA) Pty Ltd

283 Rokeby Road

SUBIACO WA 6008

Registered & Principal Office

32 Harrogate Street

West Leederville, WA 6007

Telephone: (08) 6117 4797

Stock Exchange Listing

Oakdale Resources Limited shares are listed on the Australian Securities Exchange
(ASX Code – OAR)

Share Registry

Security Transfer Registrars Pty Limited

770 Canning Highway

Applecross WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 9315 2233

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DIRECTORS' REPORT

Your directors present the following report for the financial year ended 30 June 2019.

Directors

The names and details of the Company's directors at any time during or since the end of the year are as follows:

CHRISTOPHER GALE (Executive Chairman)

Appointed 6 March 2019 as Non Executive Director and was appointed Executive Chairman on 16 May 2019.

Christopher (Chris) Gale is the Managing Director of Oakdale Resources. Mr Gale has extensive experience in senior management roles in both the public and private sectors, especially in commercial and financial roles.

He has also held various board and executive roles at a number of technology and mining companies during his career. He was the founder and is currently Executive Director of Latin Resources and has been operating in South America for over 10 years.

Chris is also the past Chairman of the Council on Australian Latin American Relations (COALAR) established by the Australian Government Department of Foreign Affairs and Trade (DFAT).

He is also a founding director of Allegra Capital, a boutique corporate advisory firm based in Perth and is a member of the Australian Institute of Company Directors (AICD).

Mr Gale is also a non-executive director of Westminster Resources Limited (TSXV: WMR) (appointed July 2018).

Mr John Lynch

Non-Executive Director

Appointed on 27 November 2014

Resigned as Chairman on 16 May 2019 and remained as Non-Executive Director

He has significant exploration and development experience including the discovery and development of the Mt Leyshon, Camel Creek and Big Rush gold mines in North Queensland and the discovery and evaluation of the Weda Bay nickel cobalt deposit in Indonesia.

He has successfully delivered a number of mining projects into production. John Lynch has previously held the following positions: Founding Director, President and CEO of Weda Bay Minerals Inc; Founder and Managing Director of Werrie Gold Limited; General Manager, Director and Co-founder of Pan Australian Mining Limited; Exploration Manager of Marathon Petroleum Australia Ltd; Exploration Manager and Chief Geologist of Metals Exploration Limited; and Assistant Exploration Manager of North Broken Hill Limited.

DAVID VILENSKY (Non-Executive Director)

Appointed 6 March 2019

Mr. Vilensky is a practising corporate lawyer and an experienced listed Company Director. He is the Managing Director of Perth law firm Bowen Buchbinder Vilensky and has more than 35 years' experience in the areas of corporate and business law and in commercial and corporate management.

Mr Vilensky practises in the areas of corporate and commercial law, corporate advisory, merges and acquisitions, mining and resources and complex dispute resolution. Mr Vilensky acts for a number of listed and public companies and advises on directors' duties, due diligence, capital raisings, compliance with ASX Listing rules, corporate governance and corporate transactions generally.

Mr Vilensky is also the Chairman of ASX listed resources company Latin Resources Limited (ASX: LRS) and is a Non-Executive Director of ASX listed telecommunications and technology company Vonex Ltd (ASX: VN8).

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DIRECTORS' REPORT (CONT'D)

Mr Graham White.

Appointed 27 November 2014

Resigned 6 March 2019

He has extensive experience in investor and media relations with companies and organisations in the mining sector over more than 25 years. He has consulted to industry groups including the Minerals Council, The Aus IMM and AMIRA International on communications issues, handled investor and media relations for a range of minerals companies and developed and managed community relations programmes for mining projects and for other sensitive industries.

Mr Andrew Harrington.

Appointed 27 November 2014

Resigned 6 March 2019

He has worked in the mining and energy industries for 17 years in consulting, project finance, institutional banking, and stockbroking roles. He was a top rated mining and energy equities analyst at Paterson Securities for six years where he covered the coal, rare earths, lithium, and other specialty products like graphite.

Company Secretary

Hemant Amin

Hemant Amin is a certified practicing accountant. Hemant has over 30 years' of accounting and business experience and has worked for both large multinational and public companies as well as smaller family owned operations. Hemant now works as a management consultant. His most recent role was as Company Secretary of Stokes Limited.

Directors' interests

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows, including beneficial or related party interest:

Directors	No of Ordinary Shares	No. of Options over Ordinary Shares
Mr Christopher Gale	12,881,756	Nil
Mr John E Lynch	26,302,228	Nil
Mr David Vilensky	1,610,220	Nil
Mr Graham White	146,387	Nil
Mr Andrew Harrington	Nil	Nil

Directors meetings

The number of directors' meetings held during the financial year and the number of meetings attended by each director are as follows:

Director	Directors' Meetings	
	Eligible to attend	Attended
Mr Christopher Gale ¹	2	2
Mr John E Lynch	11	11
Mr David Vilensky ¹	2	2
Mr Graham White ²	9	9
Mr Andrew Harrington ²	9	9

¹ Mr Gale and Mr Vilensky were appointed 6 March 2019

² Mr White and Mr Harrington resigned 6 March 2019

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DIRECTORS' REPORT (CONT'D)

Unissued shares under option

There were no unissued ordinary shares of the Company under option at the date of this report.

Shares issued on exercise of options

No shares have been issued on the exercise of options during the financial year.

Dividends paid or recommended

There were no dividends paid or declared by the Company during the financial year.

Principal Activities

The Consolidated entity carries out mining exploration with the intention of developing a viable graphite mining operation and graphite project located on Central Eyre Peninsula in South Australia.

Following the acquisition of Ozinca Australia Pty Ltd, the Company is pursuing the construction of a 40 tpd gold processing plant in Chimu Peru.

Following the execution of a Binding Option Term Sheet to acquire Alpine Resources (USA) Pty Ltd the Company intends to target highly prospective yet under-explored trends in the Carlin deposit in Nevada USA.

Review and Results of Operations

The Company has completed significant organisational changes during the year to pursue growth.

Acquisition of Ozinca Australia Pty Ltd and its controlled entities (Ozinca Group)

On 6 March 2019, shareholders approved the acquisition of Ozinca Group and has enabled the Company to pursue revenue generating potential from the development of the Chimu gold processing plant in southern Peru.

Alpine Resources (USA) Pty Ltd

On 27 June 2019 the Company signed a binding option term sheet to acquire Alpine Resources (USA) Pty Ltd and gain access to the Alpine Project located in Nevada USA.

The Alpine Project incorporates the Tonopah North, Douglas Canyon and Lambarson Canyon Projects which target the Carlin and epithermal gold deposits in northern and southern Nevada.

Oakdale Graphite Project – South Australia

The Company has previously conducted significant work and discovered financially viable graphite resources at its Oakdale Graphite Project on the Eyre Peninsula in South Australia.

Metallurgical test work has defined a treatment method to obtain maximum recoveries of flake graphite. These recovered samples of flake graphite will be used as a basis to pursue off-take agreements with appropriate customers in the year ahead.

In May 2018, the company agreed a revision with the South Australian government of the terms of the Amalgamated Expenditure Agreement for the Central Eyre Peninsula Projects and South Australian Government, Mineral Tenements and Exploration branch agreed to extend the company's interest at reduced minimum exploration expenditure for the period ending 31 December 2019. The extension will allow the company to source new funding for the project, or explore off-take or other strategic agreements for the asset.

Results of Operations

The financial result for the year ended 30 June 2019 was a loss of \$1,446,157 (2018: loss of \$705,539).

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DIRECTORS' REPORT (CONT'D)

Significant Changes in State of Affairs

Significant changes in the state of affairs of the Consolidated entity and its controlled entities during the year were as follows:

- Shareholders on 6 March 2019 approved the purchase of Ozinca Australia Pty Ltd (Ozinca) and its operating subsidiary company Ozinca Peru SAC to purchase and develop a gold processing plant in Chimu located in southern Peru.
- Following the acquisition of Ozinca, Mr Gale and Mr Vilensky were appointed as Non-Executive directors. Mr White and Mr Harrington resigned as directors effective 6 March 2019.
- On 15 May 2019 Mr Lynch resigned as Managing Director and remained as a Non-Executive director. Mr Gale was appointed as Executive Chairman. In addition, the Company's Registered Office was relocated to 32 Harrogate Street, West Leederville Western Australia.
- On 27 June 2019 the Company entered a Binding Option term sheet to acquire Alpine Resources (USA) Pty Ltd to explore the Carlin deposit in Nevada USA.

After Balance Sheet Date Events

Refer note 21 for listing of after balance date events.

Apart from matters contained within the Note, Directors are not aware of any matters or circumstances not otherwise dealt with in this report that has significantly, or may significantly affect, the operations or the state of affairs of the Consolidated entity in future financial periods.

Environmental Issues

The Consolidated entity aims to ensure that the highest standard of environmental care is achieved. The Board maintains the responsibility to ensure that the Consolidated entity's environment policies are adhered to and to ensure that the Consolidated entity is aware of, and is in compliance with, all relevant environmental legislation. There have been no environmental breaches during the 2019 financial year.

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DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (AUDITED)

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

The Remuneration Report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The directors and other key management personnel of the Consolidated entity during or since the end of the financial year were:

Mr Christopher Gale – Executive Chairman (*appointed 6 March 2019*)

Mr John E Lynch – Non Executive director (*resigned as Chairman 16 May 2019*)

Mr David Vilensky - Non Executive director (*appointed 6 March 2019*)

Mr Graham White - Non Executive director (*resigned 6 March 2019*)

Mr Andrew Harrington – Non Executive director (*resigned 6 March 2019*)

Mr Andrew Knowles – general Manager Ozinca Australia

Mr Jon Grygorcewicz – Chief Financial Officer (*appointed 16 May 2019*)

The remuneration for Executive Directors is currently not linked to the Consolidated entity's financial performance or share price. None of the remuneration of the directors listed below was considered at risk.

There are no retirement schemes in place for directors other than statutory contributions to superannuation.

The Remuneration Report is set out under the following headings:

- A Principles used to determine the nature and amount of remuneration**
- B Details of remuneration**
- C Share-based payments**
- D Directors Equity Holdings**

A Principles used to determine the nature and amount of remuneration

The objective of the Consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The remuneration structure for key management personnel including directors and senior managers is based on the following factors:

- experience of the individual concerned
- the overall performance of the market in which the Consolidated entity operates
- the overall performance of the Consolidated entity

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DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

B Details of remuneration

Remuneration levels are set by the Consolidated entity in accordance with industry standards to attract suitable qualified and experienced directors and senior executives. The Consolidated entity has not engaged a remuneration consultant. There is no formal contract of employment for the executives of the Consolidated entity. Whilst there is no formal contract of employment, standard employment conditions apply.

No remuneration was paid to key management personnel during the financial year ended 30 June 2019 and also during the financial year ended 30 June 2018. The key management personnel, including the Managing Director have agreed to waive any entitlement to remuneration or other entitlements until further progress has been made on the various Projects and the Company has conducted a further capital raising to fund its future operations.

The Consolidated entity does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore, there was no relationship between the Board's policy for determining, or in relation to, the nature during the current and previous financial years. The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Group traded between its quotation on ASX and end of the current financial years. However, where the Directors of the Group receive incentive options, such options generally would only be of value if the Group's share price increased sufficiently to warrant exercising the incentive options.

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the KMP of the Group:

2019

Key Management Personnel	Short-term benefits				Post-employment benefits Super-annuation	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other		Equity	Options	
	(Accrued)							
	\$	\$	\$	\$	\$	\$	\$	\$
Chris Gale	38,400	-	-	-	-	-	-	38,400
David Vilensky	36,000	-	-	-	-	-	-	36,000
John Lynch	9,000	-	-	-	-	-	-	9,000
Andrew Knowles	179,200	-	-	-	-	-	-	179,200
Jon Grygorcewicz	625	-	-	-	-	-	-	625
	263,225	-	-	-	-	-	-	263,225

2018

Key Management Personnel	Short-term benefits				Post-employment benefits Super-annuation	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other		Equity	Options	
	(Accrued)							
	\$	\$	\$	\$	\$	\$	\$	\$
Chris Gale	41,600	-	-	-	-	-	-	41,600
David Vilensky	15,000	-	-	-	-	-	-	15,000
	56,600	-	-	-	-	-	-	56,600

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DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

C Share-based compensation

No options or ordinary shares were provided as remuneration during the financial year and no shares were issued on exercise of options issued during the year.

D Directors' Equity Holdings

At the date of this report, directors have relevant interests in ordinary shares in Oakdale Resources Limited as follows:

Directors	No of Ordinary Shares	No. of Options over Ordinary Shares
Mr Christopher Gale	12,881,756	Nil
Mr John E Lynch	26,302,228	Nil
Mr David Vilensky	1,610,220	Nil
Mr Graham White	146,387	Nil
Mr Andrew Harrington	Nil	Nil

Other transactions with key management personnel and their related parties

During the year, \$55,016 was paid to Bowen Buchbinder Vilensky Lawyers, a firm related to David Vilensky for legal services rendered.

End of Remuneration Report (audited)

Indemnification and insurance of officers and auditors

During the financial year, the Consolidated entity maintained an insurance policy which indemnifies the directors and officers of the Consolidated entity in respect of any liability incurred in connection with the performance of their duties as directors or officers of the Consolidated entity to the extent permitted by the *Corporations Act 2001*. The Consolidated entity's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

The Consolidated entity has not paid any insurance premiums in respect of any past or present directors or auditors, other than as required by law.

Proceedings on behalf of the Consolidated entity

No proceedings have been entered into on behalf of the Consolidated entity.

Likely developments and expected results

The Company will continue to pursue its operating strategy to create shareholder value through the acquisition and development of mineral resources.

The near term developments are the continuation of the purchase and development of the Chimu gold Processing plant in southern Peru and continue the exploration programme forming part of the due diligence on the Alpine Resources projects in Nevada USA.

In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the consolidated entity.

Non-audit services

The Consolidated entity's auditors provided non-audit services in relation to tax and consultancy services to certain entities within the Group for which \$29,124 (2018: \$11,685) was paid or payable by the Consolidated entity. The directors are satisfied that the provision of the non-audit services was compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of the non-audit services provided was not such that auditor independence was compromised.

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DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

Auditor's independence declaration

The Auditors Independence Declaration for the year ended 30 June 2019 has been received and can be found on page 45 of the financial report.

Signed on 30 September 2019 in accordance with a resolution of the directors made pursuant to section 298(2) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to be 'C. Gale', with a long horizontal stroke extending to the right.

Christopher Gale

Chairman
Perth, 30 September 2019

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Oakdale Resources Limited (“the Company”) is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

CORPORATE GOVERNANCE DISCLOSURES

The Board and management are committed to good corporate governance and have followed the “Principles of Good Corporate Governance and Best Practice Recommendations” issued by the Australian Securities Exchange (“ASX”) Corporate Governance Council to the extent that they are applicable to the Company.

In summary, the Company departs from the Guidelines in three key areas:

- First, the Company does not have a separate Nomination Committee. This is a departure from Recommendation 2.4. The full Board attends to the matters normally attended to by a Nomination Committee;
- Second, the Company does not have a separate Remuneration Committee. This is a departure from Recommendation 8.1. The full Board attends to the matters normally attended to by a Remuneration Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives; and
- Third, the Company currently does not have a separate audit committee. This is a departure from Recommendation 4.1. The Company is of a size and a level of current activity that enables the full Board to be able to attend to the matters normally attended to by the Audit Committee.

ROLE OF THE BOARD

The key responsibilities of the Board include:

- appointing, evaluating, rewarding and, if necessary, the removal of senior management;
- development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

ROLE OF THE BOARD (CONT'D)

- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and financial and other reporting; including reporting under listing rules 3.19A and 3.19B and section 205G of the *Corporations Act 2001*, are in place and functioning appropriately.
- assuring itself that appropriate audit arrangements are in place;
- ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that the Company's practice is consistent with, a number of guidelines, being:
 - Directors and Executive Officers Code of Conduct;
 - Dealings in Securities; and
 - Reporting and Dealing with Unethical Practices.
- reporting to and advising shareholders.

STRUCTURE OF THE BOARD

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

An independent director is a non-executive director (that is, is not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a director after ceasing to hold any such employment;
- is not a principal or employee of a professional advisor to the Company or its subsidiaries whose billings are a material amount of the adviser's total revenue;
- is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company are a material amount of the supplier's total revenue. A significant customer is one whose amounts payable to the Company are a material amount of the customer's total operating costs;
- has no material contractual relationship with the Company or its subsidiaries other than as a director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

In accordance with the definition of independence above, there are currently two non-executive directors of Oakdale Resources Limited who are considered to be independent.

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

STRUCTURE OF THE BOARD (CONT'D)

There are procedures in place, agreed by the Board, to enable the directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each director is as follows:

Name	Term
Mr Christopher Gale (<i>appointed on 6 March 2019</i>)	No Contract
Mr John E Lynch	No Contract
Mr David Vilensky (<i>appointed on 6 March 2019</i>)	No Contract
Mr Graham White (<i>resigned on 6 March 2019</i>)	No Contract
Mr Andrew Harrington (<i>resigned on 6 March 2019</i>)	No Contract

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the full Board will recommend a candidate or panel of candidates with the appropriate expertise. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Remuneration and Nomination Committee

The Board has not established a formal Remuneration or Nomination Committee. The full Board attends to the matters normally attended to by Remuneration and a Nomination Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives. For full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report which is contained within the Directors' Report. There is no scheme to provide retirement benefits to Non-Executive Directors other than superannuation as required by law. The Board is responsible for determining and reviewing compensation arrangements for the directors themselves.

Audit and Risk Management Committee

The Board has not established an Audit and Risk Management Committee. The full Board attends to the matters normally attended to by such a Committee.

Following relocation of the Company's Registered Office to Perth Western Australia, BDO East Coast Partnership resigned as auditors. Hall Chadwick Audit (WA) Pty Ltd were appointed auditors until the next annual general meeting of the Company, at which time shareholder approval will be sought for their re-appointment and continuation as Auditors.

The Board acknowledges that when the size and nature of the Company warrants an Audit and Risk Management Committee that the Committee will operate under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of key performance indicators.

The Board will delegate responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Management Committee. The Company's policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Board. The auditors have a policy of rotating the audit partner at least every 5 years.

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

Risk Management

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholder value. The identification and management of risk by the Board will continue to be monitored. However, until such time as a business or project is acquired by the Company, specific risks related to that business or project is currently unknown. The Company will undertake a comprehensive due diligence process, in consultation with its external legal and other advisors prior to making any acquisitions. The preparation of a comprehensive risk management matrix will be prepared once a suitable acquisition has been identified. The equivalent of the CEO and CFO provide written assurance to the Board on an annual basis that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the *Corporations Act* is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks. The assurances from the equivalent of the CEO and CFO can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures. Any material changes in the Company's circumstances are released to the ASX and included on the Company's website.

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Essential Corporate Governance Principles as outlined by the ASX and the Corporate Governance Council. The Company has complied with the Corporate Governance Best Practice Recommendations except as identified below:

Corporate Governance Policy	Action Taken and reasons if not adopted
Lay solid foundation for management and oversight Principle 1: Recognise and publish the respective roles and responsibilities of the board and management 1.1 Formalise and disclose the functions reserved to the Board and those delegated to management 1.2 Disclose the process for evaluating the performance of senior executives. 1.3 Provide the information indicated in 'Guide to reporting on Principle 1'.	Adopted. The Company's Corporate Governance Policies includes a Board Charter, which discloses the specific responsibilities of the Board. The Board monitors the performance of senior management including measuring actual performance against planned performance. The Company has provided details of any departures from Principle 1 in this Annual Report.

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

BEST PRACTICE RECOMMENDATION (CONT'D)

Corporate Governance Policy	Action Taken and reasons if not adopted
Structure the board to add value Principle 2: Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. 2.4 The Board should establish a nomination committee. 2.5 Disclose the process for evaluating the performance of the Board, its committees and the individual directors. 2.6 Provide the information indicated in 'Guide to Reporting on Principle 2'.	Adopted except as follows: The Company is not of a size to justify having a Nomination Committee. Matters typically dealt with by such a Committee are dealt with by the full Board. The Board has adopted a policy to assist in evaluating board performance. The specified information, including details of any departures from Principle 2 has been provided in this Annual Report.
Actively promote ethical and responsible decision-making Principle 3: Promote ethical and responsible decision - making Establish a code of conduct to disclose the code or a summary of the code as to: 3.1 The practices necessary to maintain confidence in the Company's integrity. The practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders. 3.2 The responsibility and accountability of individuals for reporting or investigating reports of unethical practices. 3.3 Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Adopted. The Company's Corporate Governance Policies include a Directors' and Executive Officer's Code of Conduct Policy, which provides a framework for decisions and actions in relation to ethical conduct in employment. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits of, and arising from, employee and Board diversity and the importance of benefiting from all available talent. The diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity and annually assess both the objectives and the progress in achieving those objectives

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

BEST PRACTICE RECOMMENDATION (CONT'D)

Corporate Governance Policy	Action Taken and reasons if not adopted									
Disclose in each annual report measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	The diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives over the next five years as director and senior executive positions become vacant and appropriately qualified candidates become available:									
Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	<table><thead><tr><th></th><th>Actual Number</th><th>%</th></tr></thead><tbody><tr><td>Women on the Board</td><td>0</td><td>0</td></tr><tr><td>Women in senior management roles</td><td>0</td><td>0</td></tr></tbody></table>		Actual Number	%	Women on the Board	0	0	Women in senior management roles	0	0
	Actual Number	%								
Women on the Board	0	0								
Women in senior management roles	0	0								
Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	The Company’s Corporate Governance Policies includes Dealing in Securities Policy which provides comprehensive guidelines on trading in the Company’s securities.									
Provide the information indicated in 'Guide to Reporting on Principle 3’.	The Company has provided details of any departures from Principle 3 in this Annual Report.									
Safeguard integrity in financial reporting										
Principle 4: Establish a structure to independently verify and safeguard integrity in financial reporting.	Adopted except as follows:									
The Board should establish an audit committee.	The Company is not of a size to justify having a separate Audit and Risk Management Committee. However, matters typically dealt with by such a Committee are dealt with by the full Board.									
Structure the audit committee so that it consists of: - Only non-executive directors - A majority of independence directors	Not applicable									
An independent chairperson who is not the chairperson on the Board										

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

BEST PRACTICE RECOMMENDATION (CONT'D)

Corporate Governance Policy	Action Taken and reasons if not adopted
The audit committee should have a formal operating charter. Provide the information indicated in the 'Guide to reporting on Principle 4'.	Not applicable The Company has provided details of any departures from Principle 4 in this annual Report
Promote timely and balanced disclosure Principle 5: Make timely and balance disclosure of all material matters concerning the Company. Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.	Adopted. The Company has a Continuous Disclosure Policy which is designed to ensure compliance with the ASX Listing Rules requirements on disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position.
Respect the rights of shareholders Principle 6: Respect the rights of shareholders and facilitate the effective exercise of those rights. Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy. Provide the information indicated in the 'Guide to reporting on Principle 6'. Recognise and manage risk Principle 7: Establish a sound system of risk oversight and management and internal control.	Adopted. The Company's Corporate Governance Policies includes a Shareholder Communications Policy which aims to ensure that the shareholders are informed of all material developments affecting the Company's state of affairs. The Company has provided details of any departures from Principle 6 in its Annual Report Adopted.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

BEST PRACTICE RECOMMENDATION (CONT'D)

Corporate Governance Policy	Action Taken and reasons if not adopted
The Board or appropriate Board committee should establish policies on risk oversight and management of material business risk and disclose a summary of those policies.	The Company's Corporate Governance Policies includes a Risk Management Policy which aims to ensure that all material business risks are identified and mitigated. The Board identifies the Company's 'risk profile' and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal controls.
The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the <i>Corporations Act 2001</i> is founded on a sound risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks. Provide the information indicated in the 'Guide to reporting on Principle 7'.	The Board requires that the Managing Director designs and implements continuous risk management and internal control systems and provides reports at relevant times. The Board seeks, at the appropriate times, these relevant assurances from the individuals appointed to perform the role of Managing Director and the Chief Operating Officer. The Company has provided details of any departures from Principle 7 in this Annual Report.
Remuneration fairly and responsibly Principle 8: Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined. The Board should establish a Remuneration Committee. The Remuneration Committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent director; and has at least three members.	Adopted except as follows: The Company is not of a size to justify having a separate Remuneration Committee. However, matters typically dealt with by such a committee are dealt with by the full Board. Not applicable.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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CORPORATE GOVERNANCE STATEMENT (CONT'D)

BEST PRACTICE RECOMMENDATION (CONT'D)

Corporate Governance Policy	Action Taken and reasons if not adopted
Clearly distinguishes the structure of non-executive director's remuneration from that of executive directors and senior executives.	The Board distinguishes the structure of non-executive director's remuneration from that of executive Directors and senior executives. The Company's Constitution provides that the remuneration of non-executive directors will be not more than the aggregated fixed sum by a general meeting of shareholders.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 Jun 2019 \$	1 Feb 2017 to 30 Jun 2018 \$
Continuing operations			
Other income	2	10,120	7,350
		10,120	7,350
Administrative expenses	3	(557,518)	(437,279)
Occupancy expenses		(42,440)	(26,782)
Processing expenses		(18,736)	(58,472)
Corporate transaction accounting expense	4	(741,305)	-
Impairment of loan		-	(93,909)
Other expenses		(96,279)	(96,447)
Profit / (loss) before tax		(1,446,157)	(705,539)
Income tax benefit / (expense)	5	-	-
Net profit / (loss) for the year		(1,446,157)	(705,539)
<i>Other comprehensive income, net of income tax</i>			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss		-	-
□ Foreign currency movement		23,898	(6,284)
Other comprehensive income for the year, net of tax		23,898	(6,284)
Total comprehensive income attributable to members of the parent entity		(1,422,259)	(711,823)
Earnings per share			
Basic and diluted loss per share (cents per share)	16c	(1.402)	(1.985)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should to be read in conjunction with the attached notes

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINACIAL POSITION AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
<i>Current assets</i>			
Cash and cash equivalents	6	9,598	6,855
Trade and other receivables	7	58,462	45,182
Financial assets	9		
Other current assets	8	149,614	122,269
Total current assets		217,674	174,306
<i>Non-current assets</i>			
Plant and equipment	10	633,868	-
Exploration and evaluation costs	11	-	-
Total non-current assets		633,868	-
Total assets		851,542	174,306
<i>Current liabilities</i>			
Trade and other payables	13	1,136,676	348,889
Provisions	14	5,327	1,919
Total current liabilities		1,142,003	350,808
<i>Non current liabilities</i>			
Provisions	14	210,846	-
Borrowings	15	165,500	-
Total non current liabilities		376,346	-
Total liabilities		1,518,349	350,808
Net liabilities		(666,807)	(176,502)
<i>Equity</i>			
Issued capital	16a	1,467,275	535,321
Reserves	17	17,614	(6,284)
Accumulated losses		(2,151,696)	(705,539)
Total equity		(666,807)	(176,502)

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

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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Consolidated statement of changes in equity

As at 30 June 2019

	Note	Issued Capital \$	Accumulated Losses \$	Foreign Exchange Translation Reserve \$	Total \$
Balance at incorporation 1 February 2017		2,700	-	-	2,700
Loss for the period		-	(705,539)	-	(705,539)
Other comprehensive income for the period		-	-	(6,284)	(6,284)
Total comprehensive income for the period		2,700	(705,539)	(6,284)	(709,123)
Transactions with owners, directly in equity					
Share application	16a	563,200	-	-	563,200
Transaction costs		(30,579)	-	-	(30,579)
Balance at 30 June 2018		535,321	(705,539)	(6,284)	(176,502)
Balance at 1 July 2018		535,321	(705,539)	(6,284)	(176,502)
Loss for the year		-	(1,446,157)	-	(1,446,157)
Other comprehensive income for the period		-	-	23,898	23,898
Total comprehensive income for the period		-	(1,446,157)	23,898	(1,422,259)
Transactions with owners, directly in equity					
Share application	16a	976,582	-	-	976,582
Transaction costs		(44,628)	-	-	(44,628)
Balance at 30 June 2019		1,467,275	(2,151,696)	17,614	(666,807)

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

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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Consolidated statement of cash flows

As at 30 June 2019

	Note	1 July 2018 to 30 Jun 2019 \$	1 February 2017 to 30 Jun 2018 \$
<i>Cash flows from operating activities</i>			
Interest paid		-	(1,914)
Payments to suppliers and employees		(277,118)	(404,552)
Net cash used in operating activities	6c	(277,118)	(406,466)
<i>Cash flows from investing activities</i>			
Funds loaned to other parties		-	(90,000)
Purchase of plant and equipment		(336,936)	-
Net cash acquired on acquisition of subsidiary net of cash consideration paid		68,972	-
Net cash (used in)/provided by investing activities		(267,964)	(90,000)
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares and options		257,200	533,900
Payments for capital raising costs		(44,628)	(30,579)
Advances received		335,253	-
Net cash provided by financing activities		547,825	503,321
Net increase in cash held		2,743	6,855
Cash and cash equivalents at beginning of the year		6,855	-
Cash and cash equivalents at the end of the year	6a	9,598	6,855

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

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Basis of preparation*

INTRODUCTION

The financial report covers Oakdale Resources Limited, the Company is a listed public company incorporated and domiciled in Australia.

The principal activities of the consolidated entity during the financial year were the exploration and development of economic mineral deposits.

The Consolidated entity is a for-profit entity.

Authorisation of financial report

The financial report was authorised for issue by the directors on 30 September 2019. This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the *Corporations Act 2001*. This financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Basis of accounting

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

Critical accounting estimates

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

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Those which have a material impact on the Group are set out below.

AASB 9 Financial Instrument

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurements, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value.

Financial instruments are carried at amortised cost if the business model concept can be satisfied.

All equity instruments are carried at fair value and the cost exemption under AASB 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income (FVOCI). Previously classified available-for-sale investments, now carried at fair value are exempt from impairment testing and gains or loss on sale are no longer recognised in profit or loss.

The AASB 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information accordingly, the information presented for 30 June 2018 has not been restated. There is no impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The Group has applied AASB 15 Revenue from Contracts with Customers for the first time in the current period. AASB 15 establishes a single comprehensive income for entities to use in accounting for revenue arising from contracts with customers. AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of distinct performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 30 June 2018 has not been restated. The effect of the application of AASB 15 has been applied to all contracts at date of initial application and there is no impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

Other than the above, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. Those which may have a material impact on the Group are set out below.

AASB 16 Leases AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee – effectively treating all leases as finance leases. Most leases will be capitalised on the statement of financial position by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result on an increase on the recognised assets and liabilities in the statement of financial position as well as change in expense recognition, with interest and depreciation replacing operating lease expense. Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases. AASB 16 is effective from annual reporting periods beginning on or after 1 July 2019, with early adoption permitted for entities that also adopt AASB 15.

Other than the above, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Going concern

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

The Group incurred a loss for the year of \$1,446,157 (2018: \$705,539) and net operating cash out-flow of \$277,118 (2018: \$406,466). As at 30 June 2019, the Group's cash and cash equivalents decreased to \$9,598 (2018: \$6,855) and had a working capital deficit of \$924,329.

During the year, the company raised \$257,200 with the issue of 4,266,666 shares with an issue price of \$0.06 per share.

Subsequent to year end, the Group has successfully raised \$497,233 (before costs) pursuant to its Share Purchase Plan, additional capital raising amounting to \$1,500,000 and \$45,000 of its borrowings were converted to capital.

The directors have prepared a cash flow forecast, which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this report. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Based on the cash flow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Company 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 to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

c. Reverse acquisition

The Group completed the legal acquisition of Ozinca Australia Pty Ltd and its controlled entities (Ozinca Group) on 19 March 2019.

Ozinca Australia Pty Ltd (the legal subsidiary) was incorporated on 1 February 2017 and deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer Oakdale Resources Limited (accounting subsidiary). Accordingly, the consolidated financial statements of Oakdale Resources Limited have been prepared on a continuation of the financial statements of Ozinca Australia Pty Ltd. Ozinca Australia Pty Ltd (as the deemed acquirer) has accounted for the acquisition of Oakdale Resources Limited from 19 March 2019.

The impact of the reverse acquisition on each of the primary statements is as follows:

- The consolidated statement of profit or loss and other comprehensive income:
 - For the full-year ended 30 June 2019 comprises twelve months of Ozinca Group and three months and 11 days of Oakdale Group; and
 - for the comparative period comprises 1 February 2017 to 30 June 2018 of Ozinca Group.
- The consolidated statement of financial position:
 - as at 30 June 2019 represents both Ozinca Group and Oakdale Group as at that date; and
 - as at 30 June 2018 represents Ozinca Group as at that date.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- The consolidated statement of changes in equity:
 - for the full-year ended 30 June 2019 comprises Ozinca Group's balance at 1 July 2018, its loss for the full-year and transactions with equity holders for 12 months. It also comprises Oakdale Group transactions within equity for the 3 months and 11 days ended 30 June 2019 and the equity value of Ozinca Group and Oakdale Group as at 30 June 2019. The number of shares on issue at the end of the full year represent those of Oakdale Resources Limited only.
 - for the comparative period comprises 1 February 2017 to 30 June 2018 of Ozinca Group's changes in equity.
- The consolidation statement of cash flows:
 - for the full-year ended 30 June 2019 comprises:
 - the cash balance of Ozinca Group as at 1 July 2018; the cash transactions for the twelve months of Ozinca Group and the period from 19 March 2019 to 30 June 2019 of Oakdale Group; and the cash balances of Ozinca Group and Oakdale Group at 30 June 2019;
 - for the comparative period comprises 1 February 2017 to 30 June 2018 of Ozinca Group's cash transactions.

d. Principles of Consolidation

Subsidiaries are entities controlled by the Company. The company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. In assessing control, potential voting rights that presently 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.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

e. Segment reporting

Oakdale Resources Limited operates in the mineral exploration and mining industry in Australia and Peru. The Consolidated entity has adopted AASB 8 *Operating Segments* whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the Board of Directors. At regular intervals, the board is provided with management information at a group level for the Group's cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. All revenue is stated net of the amount of goods and services tax.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

g. Taxation

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to Profit or Loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

h. Leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Profit or Loss on a straight-line basis over the period of the lease.

i. Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Profit or Loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. Exploration Evaluation and Development Expenditure

Exploration, evaluation and development 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 which 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 in the year in which the decision to abandon the area is made.

j. Exploration Evaluation and Development Expenditure

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. 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.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k. Government Grants

Government grants relating to assets such as capitalised exploration expenditure are recognised in the Consolidated Statement of Financial Position by deducting the grant in arriving at the carrying amount of the asset. Government grants relating to expenses are recognised as other income.

l. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Consolidated Statement of Financial Position.

m. Trade receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

n. Financial assets and liabilities

Financial instruments - assets

a. Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

ii. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

From 1 January 2018, the Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial instruments - liabilities

a. Classification

From 1 January 2018, the Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

For financial liabilities measured at amortised cost, The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Group commits to purchase the financial liability. Financial liabilities are derecognised when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

c. Measurement

At initial recognition, the Group measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

o. Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

p. Employee benefits

(i) Wages and salaries and annual leave

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

(ii) Long service leave

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

q. Plant and equipment

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r. Contributed equity

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 cost of the acquisition as part of the purchase consideration.

If the Consolidated entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

s. Earnings per share

(i) Basic earnings per share

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

(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.

t. Goods and Services Tax (GST) and Peru General Sales Tax (IGV)

Revenues, expenses and assets are recognised net of the amount of associated GST/IGV, unless the GST/IGV 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/IGV receivable or payable. The net amount of GST/IGV recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position. Cash flows are presented on a gross basis. The GST/IGV components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

u. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

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

All exchange differences in the consolidated financial report are taken to profit or loss.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Group companies and foreign operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and

retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

v. *Contingent liabilities*

A contingent loss is recognised as an expense and a liability if it is probable that future events will confirm that, after taking into account any related probable recovery, an asset has been impaired or a liability incurred and, a reasonable estimate of the amount of the resulting loss can be made.

w. *Critical accounting estimates and judgements*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written-off in the period in which this determination is made.

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

Note 2 Revenue and other income

	30 Jun 2019 \$	1 February 2017 to 30 Jun 2018 \$
a. Other Income		
Interest income	-	3,909
Other income	10,120	3,441
	<u>10,120</u>	<u>7,350</u>

Note 3 Profit / (loss) before income tax

	30 Jun 2019 \$	1 February 2017 to 30 June 2018 \$
The following significant revenue and expense items are relevant in explaining the financial performance:		
a. Employment expenses:		
■ Director fees	83,400	56,600
■ Increase / (decrease) in employee benefits provisions	3,408	921
■ Wages and salaries	30,415	11,047
■ Other employment related costs	5,067	3,922
	<u>122,290</u>	<u>72,490</u>

Note 4 Business Combination

On 19 March 2019, Oakdale Resources Limited acquired 100% of the ordinary share capital and voting rights of Ozinca Australia Pty Ltd. Under AASB 3 *business combinations* (AASB 3) this is treated as a 'reverse acquisition', whereby the accounting acquirer is deemed to be Ozinca Australia Pty Ltd and Oakdale Resources Ltd is deemed to be the accounting acquiree. Refer to the effect upon the basis of preparation at note 1(c) **Error! Reference source not found.**

i. **Acquisition consideration**

As consideration for the issued capital of Ozinca Australia Pty Ltd, 67,087,685 shares were issued to the vendors of Ozinca Australia Pty Ltd.

ii. **Fair value of consideration transferred**

Under principles of AASB3, the transaction between Oakdale Resources Limited and Ozinca Australia Pty Ltd is being treated as a reverse acquisition. As such, the assets and liabilities of the legal subsidiary (the accounting acquirer), being Ozinca Australia Pty Ltd, are measured at their pre-combination carrying amounts. The assets and liabilities of the legal parent (accounting acquiree), being Oakdale Resources Limited are measured at fair value on the date of acquisition.

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Ozinca Australia Pty Ltd) in the form of equity instruments issued to the shareholders of the legal parent entity (Oakdale Resources Limited). The acquisition-date fair value consideration transferred has been determined by reference to the fair value of the number shares the legal subsidiary would have issued to the legal parent entity to obtain the same ownership interest in the combined entity.

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

iii. Goodwill (Corporate transaction accounting expense)

Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of the acquired. Details of the transactions are as follows:

	Fair value \$
Fair value of consideration transferred	751,382
<i>Fair value of identifiable assets and liabilities held at acquisition date:</i>	
Cash	68,972
Trade and other receivables	456,537
Trade and other payables	(132,591)
Borrowings	(382,841)
Fair value of identifiable assets and liabilities assumed	10,077
Goodwill (Corporate transaction accounting expense)	741,305

The goodwill calculated above represents goodwill in Oakdale Resources Limited, however this has not been recognised as Oakdale Resources Limited (the accounting acquire) is not a business. Instead the deemed fair value of the interest in Ozinca Australia Pty Ltd issued to existing shareholders to effect the combination was recognised as an expense in the income statement. This expense has been presented as 'Corporate transaction accounting expense' on the face of the consolidated statement of profit or loss and other comprehensive income.

Note 5 Income tax

	30 Jun 2019 \$	1 February 2017 To 30 Jun 2018 \$
a. Income tax expense / (benefit)		
Current tax	-	-
Deferred tax	-	-
	-	-
b. Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating loss at 27.5%	(397,693)	(194,023)
Add / (Less) tax effect of:		
□ Foreign tax rate difference	(3,790)	(3,998)
□ Non deductible items	203,859	-
□ Deferred tax asset not brought to account	197,624	198,021
Income tax expense / (benefit) attributable to operating loss	-	-
c. The applicable weighted average effective tax rates attributable to operating profit are as follows	28.1%	28.1%
i. The tax rates used in the above reconciliations is the corporate tax rate of 27.5% payable by the Australian corporate entity on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting year.		

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

Note 5 Income tax (cont.)

	30 Jun 2019	1 February 2017 to 30 Jun 2018
	\$	\$
d. Tax losses and deductible temporary differences		
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
■ Tax losses	395,645	198,021

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the Group continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Note 6 Cash and cash equivalents

	2019	2018
	\$	\$
a. Reconciliation of cash		
Cash at bank	9,289	6,855
Petty Cash	309	-
	9,598	6,855

- b. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 18 Financial risk management.

c. Cash Flow Information

	30 Jun 2019	1 February 2017 to 30 Jun 2018
	\$	\$
i. Reconciliation of cash flow from operations to (loss)/profit after income tax		
Loss after income tax	(1,446,157)	(705,539)
Cash flows excluded from loss attributable to operating activities		
<i>Non-cash flows in (loss)/profit from ordinary activities:</i>		
■ Corporate transaction accounting expense	741,305	(6,284)
<i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</i>		
■ (Increase) in receivables	(13,280)	(137,552)
■ (Increase) in other current assets	27,345	(53,817)
■ Increase in trade and other payables	410,261	380,889
■ Increase in provisions	3,408	1,919
Cash flow from operations	(277,118)	(406,466)

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

Note 7 Trade and other receivables

	2019 \$	2018 \$
Current		
GST receivable	20,729	34,464
Shareholder receivable	-	3,700
Other receivables	37,733	7,018
	58,462	45,182

Note 8 Other assets

	2019 \$	2018 \$
Current		
Prepayments	54,700	7,000
Tax credits	94,914	29,183
Plant and equipment deposit	-	86,086
	149,614	122,269

Note 9 Financial assets

	Note	2019 \$	2018 \$
a. Current			
Loan – other parties	9a.i	93,909	90,000
Interest receivable		3,909	3,909
Provision for impairment	9b	(93,909)	(93,909)
		-	-

i. The loan term is for 3 months, with an 8% interest rate per annum and secured over specific assets of the borrow.

	2019 \$	2018 \$
b. Movements in the impairment provision		
Balance at incorporation	93,909	-
Provision for impairment recognised during the period	-	93,909
Balance as at 30 June 2019	93,909	93,909

Note 10 Plant and equipment

	2019 \$	2018 \$
Additions during the year	633,868	-
Cost at year end	633,868	-

Note 11 Exploration and Evaluation Costs

	2019 \$	2018 \$
Non-current		
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases	7,495,243	-
Provision for tenements	(7,495,243)	-
	-	-

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

Note 12 Controlled entities

a. Parent entity

Oakdale Resources Limited is the parent of the Group.

i. Subsidiaries

	Country of Incorporation	Class of Shares	Percentage Owned 2019
■ Ozinca Australia Pty Ltd	Australia	Ordinary	100%
■ Ozinca Peru SAC	Peru	Ordinary	100%
■ Lymex Tenements Pty Ltd	Australia	Ordinary	100%

b. Investments in subsidiaries are accounted for at cost.

Note 13 Trade and other payables

	2019 \$	2018 \$
Current		
Trade payables	583,608	169,485
Accruals	253,249	161,253
Employment related payables	12,412	9,683
Payable to a shareholder/director	217,656	344
Others	69,751	8,124
	1,136,676	348,889

Note 14 Provisions

	2019 \$	2018 \$
Current		
Employee entitlements	5,327	1,919
Non Current		
Deferred payments	210,846	-

Note 15 Borrowings

	2019 \$	2018 \$
Convertible notes	165,500	-

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

Note 16 Issued capital	2019	2019	2018	2018
	No.	\$	No.	\$
Fully paid ordinary shares	198,355,364	1,467,275	44,536,667	535,321
	30 June 2019		1 February 2017	1 February 2017
	No.	30 June 2019	to	to
		\$	30 Jun 2018	30 Jun 2018
a. Ordinary shares			No.	\$
At incorporation date / beginning of year	44,536,667	535,321	27,000,000	2,700
Shares issued during the year:				
■ Incorporation shares at \$0.0001 per share			10,000,000	1,000
■ Seed capital issued at \$0.10 per share			1,950,000	195,000
■ Seed capital issued at \$0.06 per share			5,586,667	335,200
■ Unissued seed capital at \$0.06 per share*		(32,000)	-	32,000
Transaction costs relating to share issues		(44,628)	-	(30,579)
Shares issued during the year by legal subsidiary	16,266,666	257,200		
Elimination of existing legal acquiree shares	(60,803,333)			
Shares of legal acquirer at acquisition date	67,087,685			
Issue of shares for acquisition in March	104,571,250	751,382		
Share issue arising from convertible notes	19,196,429			
Shares issued by legal acquirer	7,500,000			
At reporting date	198,355,364	1,467,275	44,536,667	535,321

* This relate to application and capital received before year end where 533,333 number of shares were issued post year end in July 2018.

- b. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

c. Earnings Per Share	2019	2018
	\$	\$
Reconciliation of earnings to profit or loss		
Loss for the year	(1,446,157)	(705,539)
Loss used in the calculation of basic and diluted EPS	(1,446,157)	(705,539)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	103,136,740	35,542,157
Loss per share		
Basic and diluted loss per share (cents per share)	(1.402)	(1.985)

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

Note 16 Issued capital (cont.)

d. Capital Management

The Directors' objectives when managing capital are to ensure that the Group can maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the availability of liquid funds in order to meet its short-term commitments.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Group is not subject to externally imposed capital requirements.

The working capital position of the Group at 30 June 2019 was as follows:

The working capital position of the Group were as follows:

	Note	2019 \$	2018 \$
Cash and cash equivalents	6	9,598	6,855
Trade and other receivables	7	58,462	45,182
Other current assets	8	149,614	122,269
Trade and other payables	13	(1,136,676)	(348,889)
Provisions	14	(216,173)	(1,919)
Borrowings	15	(165,500)	-
Working capital position		<u>(1,300,675)</u>	<u>(176,502)</u>

Note 17 Reserves

	Note	2019 \$	2018 \$
Foreign exchange reserve	17a	17,614	(6,284)

a. Foreign Exchange Translation Reserve

The foreign exchange reserve records exchange differences arising on translation of foreign controlled subsidiary.

Note 18 Financial risk management

a. Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, monies loaned, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's Financial Assets and Liabilities is shown below:

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

Note 18 Financial risk management (cont.)

	Floating Interest Rate \$	Fixed Interest Rate \$	Non- interest Bearing \$	2019 Total \$	Floating Interest Rate \$	Fixed Interest Rate \$	Non- interest Bearing \$	2018 Total \$
Financial Assets								
□ Cash and cash equivalents	9,598	-	-	9,598	6,855	-	-	6,855
□ Trade and other receivables	-	-	58,462	58,462	-	-	45,182	45,182
Total Financial Assets	9,598	-	58,462	68,060	6,855	-	45,182	52,037
Financial Liabilities								
Financial liabilities at amortised cost								
□ Trade and other payables	-	-	1,136,676	1,136,676	-	-	-	348,889
□ Borrowings			165,500	165,500	-	-	-	-
Total Financial Liabilities	-	-	1,302,176	1,302,176	-	-	348,889	348,889
Net Financial Assets/(Liabilities)	9,598	-	(1,243,714)	(1,234,116)	6,855	-	(303,707)	(296,852)

b. Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk. However, the sole material risk at the present stage of the Group is liquidity risk and foreign currency risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

i. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Due to the current nature of the Group, being an exploration entity, the Group is not exposed to material credit risk.

ii. 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, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Group include 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.

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

Note 18 Financial risk management (cont.)

■ **Contractual Maturities**

The following are the contractual maturities of financial liabilities of the Group:

	Within 1 Year	Greater Than 1 Year	Total	Within 1 Year	Greater Than 1 Year	Total
	2019	2019	2019	2018	2018	2018
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	1,136,676	-	1,136,676	348,889	-	348,889
Borrowings		165,500	165,500	-	-	-
Total contractual outflows	1,136,676	165,500	1,302,176	348,889	-	348,889
Financial assets						
Cash and cash equivalents	9,598	-	9,598	6,855	-	6,855
Trade and other receivables	58,462	-	58,462	45,182	-	45,182
Loans	-	-	-	-	-	-
Total anticipated inflows	68,060	165,500	68,060	52,037	-	52,037
Net inflow on financial instruments	(1,068,616)	(165,500)	(1,234,116)	(296,852)	-	(296,852)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

iii. **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.

The Board meets on a regular basis and considers the Group's interest rate risk.

(1) **Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Due to the low amount of debt exposed to floating interest rates, interest rate risk is not considered a high risk to the Group. Movement in interest rates on the Group's financial liabilities and assets is not material.

(2) **Foreign exchange risk**

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group has no material exposure to foreign exchange risk.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 009 118 861

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

Note 18 Financial risk management (cont.)

iv. Net Fair Values

(1) Fair value estimation

The fair values of financial assets and financial liabilities are presented in the table in Note 18a and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables; and
- Borrowings

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Note 19 Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2019 \$	2018 \$
■ Plant and equipment	-	608,849

The Group has no other material leasing commitments as at 30 June 2019.

Note 20 Segmental Reporting

For management's purposes, the Group is organised into one main operating segment, which involves the exploration and development of minerals in Australia. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

The Group has subsidiaries in Australia and Peru and operates in two principal geographic areas, Peru and Australia.

Note 21 Events after reporting date

On 7 August 2019 the Company announced a Share Purchase Plan to raise a total of \$500,000. The Share Purchase Plan closed 28 August 2019 with shareholders subscribing to purchase \$218,000 through the issue of 26,139,085 ordinary shares at an issue price of \$0.00834 per share. The share Purchase Plan was underwritten with a further \$279,223 raised from the issue of 33,480,024 ordinary shares at the issue price of \$0.00834.

At the General Meeting held 10 September 2019, shareholders approved all resolutions put to the meeting including approval for the issue of the underwritten shares for the Share Purchase Plan.

On 11 September 2019, 30,000 unsecured convertible notes were converted into 5,776,637 ordinary shares at an effective price of \$0.00779 per share.

On 18 September 2019 the Company completed the placement of shares announced on 6 August 2019, which raised \$1,500,000 through the issue of 179,856,115 ordinary shares. Funds will be used to progress the due diligence exploration programme on the Alpine Project and commence construction works on the Chimu gold plant in Peru.

On 18 September 2019, 25,000 unsecured convertible notes were converted into 5,312,869 ordinary shares at an effective price of \$0.00847 per share.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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Note 21 Events after reporting date

On 20 September 2019, 105,000 secured convertible notes and 70,000 unsecured convertible notes were converted into 20,242,213 ordinary shares at an effective price of \$0.00867 per share.

On 20 September 2019 the Company issued 150,000 convertible notes at \$1 each with at an interest rate of 12%pa with a maturity date of 31 January 2020. Each note is convertible into ordinary shares with a conversion price of 80% of the 5 day VWAP prior to the date of the conversion notice.

On 23 September 2019 the Company issued an Options Prospectus to offer Listed Options exercisable at \$0.04 per share and expiring 31 December 2011 to the following:

- 29,809,555 options on the basis of one free attaching option for every two shares subscribed under the Share Purchase Plan.
- 89,928,058 options to sophisticated and professional investors who subscribed for shares under the Placement completed on 18 September 2019,
- 35,000,000 options to the Underwriter of the Share Purchase Plan and Lead Manager of the Placement completed on 18 September 2019, and
- 6,000,000 options to consultants engaged by the Company.

On 24 September 2019, 25,000 unsecured convertible notes were converted into 2,883,506 ordinary shares at an effective price of \$0.00867 per share.

Note 22 Contingent Liabilities

The directors are not aware of any legal proceedings as at the date of this report.

Note 23 Key Management Personnel compensation (KMP)

The names and positions of KMP are as follows:

- Chris Gale
- John Lynch
- Andrew Knowles
- David Vilensky
- Jon Grygorcewicz

The key management personnel compensation included in 'Administrative costs' are as follows:

	30 Jun 2019	1 February 2017 to 30 Jun 2018
	\$	\$
Short-term benefits	263,225	56,600
	263,225	56,600

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 24 Parent entity disclosures

	2019 \$	2018 \$
a. Financial Position of Ozinca Australia Pty Ltd		
Current assets	20,394	51,363
Non-current assets	260,046	175,949
Total assets	280,440	227,312
Current liabilities	483,554	197,609
Total liabilities	483,554	197,609
Net assets	(203,114)	29,703
<i>Equity</i>		
Issued capital	715,893	535,321
Accumulated losses	(919,007)	(505,618)
Total equity	(203,114)	29,703
b. Financial performance of Ozinca Australia Pty Ltd		
Profit / (loss) for the year	(413,389)	(505,618)
Other comprehensive income	-	-
Total comprehensive income	(413,389)	(505,618)

c. Guarantees entered into by Ozinca Australia Pty Ltd for the debts of its subsidiaries

There are no guarantees entered into by Ozinca Australia Pty Limited for the debts of its subsidiaries as at 30 June 2019.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 009 118 861

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

Note 25 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.

a. Other 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.

■ Zaius Investments Pty Ltd

Consulting fee paid to Zaius Investments Pty Ltd, an entity related of Andrew Knowles

b. Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transaction with related parties:

■ Zaius Investments Pty Ltd

Trade and other payable to Zaius Investments Pty Ltd an entity related to Andrew Knowles for consulting fees

■ Allegra Capital Pty Ltd

Trade and other payable to Allegra Capital Pty Ltd an entity related to Chris Gale for director fees

■ Bourse Securities Pty Ltd

Payable balance to John Lynch for advances made

■ David Vilensky

Trade and other payable to David Vilensky for director fees

	30 Jun 2019 \$	1 February 2017 to 30 Jun 2018 \$
	179,200	235,000
	275,103	130,609
	16,500	-
	217,341	-
	50,018	3,300

Note 26 Auditor's Remuneration

Audit and review of the financial reports

Tax and compliance services

	2019 \$	1 February 2017 to 30 Jun 2018 \$
	30,000	12,500
	29,124	11,685
	59,124	24,185

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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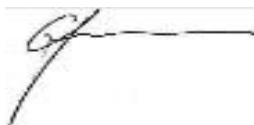
DIRECTORS' DECLARATION

The directors of Oakdale Resources Limited declare that:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1(a) to the financial statements;
- the attached financial statements and notes thereto 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;
- 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;

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the *Corporations Act 2001*.



Christopher Gale

Chairman

Perth, 30 September 2019

AUDITOR'S INDEPENDENCE DECLARATION OAKDALE RESOURCES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Oakdale Resources Limited.

As audit partner of Oakdale Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 30 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAKDALE RESOURCES LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Oakdale Resources Limited ("the Company") and its controlled entities (collectively "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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Oakdale Resources Limited 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 performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Material Uncertainty Related to Going Concern

We draw attention to note 1(b) to the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of this matter.

Independence

We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Going Concern

Why significant

The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in note 1(b) to the financial report. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements.

We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following:

- The Group's planned levels of operational and exploration expenditures, and the ability of the Group to manage cash outflows within available funding;
- The Group's ability to raise additional funds from shareholders or other parties and the projected timing thereof. This included source of funds, availability of fund type, feasibility and status/progress of securing those funds; and
- The likelihood and timing of the conversion of the convertible loans disclosed as borrowings.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- We analysed the cash flow projections by:
 - Evaluating the underlying data used to generate the projections. We specifically looked for their consistency with those used by the Directors, and tested by us, their consistency with the Group's intentions, as outlined in Director's minutes and ASX announcements;
 - Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. Assessing the resultant impact of the ability of the Group to pay debts as and when they fall due and continue as a going concern;
 - Assessing the planned levels of operating expenditures for consistency of relationships and trends to the Group's historical results and our understanding of the business, industry and economic conditions of the Group; and
 - Assessing the status of the convertible loans subsequent to reporting period.
- We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.

Key Audit Matters (cont)

2. Carrying value of capitalised exploration and evaluation assets

Why significant

We identified the capitalised exploration and evaluation assets at cost of \$4,515,388 as at 30 June 2019 to be a key audit matter due to its significance and the level of judgement required by us in evaluating management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.

In addition, the assessment of impairment of capitalised exploration and evaluation assets can be inherently difficult particularly in uncertain or depressed market conditions

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Group holds an interest and the exploration programmes planned for the tenement;
- For the area of interest, we assessed the Group's rights to tenure by corroborating to government registries/correspondences and evaluating agreements in place with other parties;
- Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring that management have considered the effect of impairment indicators, commodity prices and the status of the Group's project; and
- Reviewing budgets and challenging assumptions made by the entity to agree that substantive expenditure on further exploration and evaluation of mineral resources in the areas of interest was not planned.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report. The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report. In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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. We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 Note 1(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards. 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 a 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 responsibility is to express an opinion on the financial report based on our audit. 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, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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. We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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 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

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

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

Responsibilities

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



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682
Dated 30 September 2019



Nikki Shen
Director

SHAREHOLDER ANALYSIS AND OTHER STOCK EXCHANGE REQUIREMENTS

Statement of security holders as at 30 September 2019

Distribution of shareholders by size of holdings	Holders
NIL Holding	0
1 - 1,000	871
1,001 - 5,000	68
5,001 - 10,000	41
10,001 - 100,000	144
Over 100,000	261
TOTAL	1,385

Holding less than a marketable parcel - 1035

Voting rights – Each ordinary share carries one vote.

Twenty Largest Shareholders

Shareholder

RANK	HOLDER NAME	Number	%
1	MATAMIN PL	25,302,228	5.29%
2	RNB S/F PL < RNB TRADING STAFF >	20,594,530	4.30%
3	AYERS PL < HITA INV A/C >	18,363,420	3.84%
4	CAVERNHILL HLDGS PL < LOXAM SUPER A/C >	16,102,196	3.37%
5	QUENTINE INV PL <KNOWLES FAM A/C>	16,102,196	3.37%
6	QUID CAP PL	15,769,068	3.30%
7	GALE CHRIS + STEPHANIE < GALE S/F A/C >	13,607,432	2.84%
8	SHAPE WEALTH PL	12,881,756	2.69%
9	SJ CAP PL	12,397,498	2.59%
10	PROKSA PETER	11,990,408	2.51%
11	LIU BOYUN	10,994,474	2.30%
12	LIU BIN	9,000,000	1.88%
13	VOLTA INV PL < VOLTA A/C >	8,907,010	1.86%
14	MCNEIL NOM PL	8,752,997	1.83%
15	WU XIAODAN	7,733,813	1.62%
16	LIU XI VICTOR LINCOLN	7,269,996	1.52%
17	ALLEKIAN EXCHANGE PL	6,155,813	1.29%
18	SABA NOM PL < SABA A/C >	6,115,108	1.28%
19	XCEL CAP PL	5,690,311	1.19%
20	PEREIRA MARTIN	5,464,286	1.14%
21	WHITE DARREN	5,464,286	1.14%
Total		244,658,826	51.15%

Substantial shareholders as per substantial shareholder advices held at 30 September 2019

Name	Number of Ordinary Shares to which Person Entitled
MATAMIN PL	25,302,228

Unquoted equity securities

Unsecured convertible notes of \$1 each	125,000
Ordinary shares (collective security shares)	10,000,000