



ABN 59 151 155 734

Annual Financial Report

For the year ended 30 June 2019

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Contents

	Page
Corporate Information	2
Directors' Report	3
Auditor's Independence Declaration	20
Consolidated Statement of Comprehensive Income	21
Consolidated Statement of Financial Position	22
Consolidated Statement of Changes in Equity	23
Consolidated Statement of Cash Flows	24
Notes to the Consolidated Financial Statements	25
Directors' Declaration	52
Independent Auditor's Report	53
ASX Additional Information	57

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Corporate Section

Directors	Mark Jones (Non-Executive Chairman) Douglas Rose (Managing Director) Terence Brown (Non-Executive Director)
Company Secretary	Krystel Kirou
ABN	59 151 155 734
Registered and Principal Office	Suite 1/9 Hampden Road Nedlands WA 6009
Postal Address	Suite 1/9 Hampden Road Nedlands WA 6009
Website	www.santafeminerals.com.au
Auditors	HLB Mann Judd Chartered Accountants Level 4,130 Stirling Street Perth WA 6000
Solicitors	DLA Piper Australia Level 31, Central Park 152-158 St Georges Terrace Perth WA 6000
Share Register	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Tel: +61 8 9389 8033
Securities Exchange Listing	Australian Securities Exchange Limited (ASX: SFM) Level 40, Central Park 152-158 St George's Terrace Perth WA 6000

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Directors' Report

The directors present their report together with the consolidated financial statements of the Group comprising of Santa Fe Minerals Limited ("SFM" or the "Company") and its subsidiaries for the year ended 30 June 2019.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Mr Mark Jones
Mr Douglas Rose
Mr Terence Brown
Mr Andrew Quin (*resigned on 28 September 2018*)

Qualifications, Experience and Special Responsibilities of Directors

Mark Jones (Chairman/Non-Executive Director)

Mr. Jones has been the Non-Executive Chairman of Santa Fe Minerals Limited since the company floated on the Australian Stock Exchange in October 2011. He was instrumental in the listing of the company and subsequent capital raisings. Mr. Jones was previously a Non-Executive Director (Private Clients) of Patersons Securities Limited and brings 25 years' of capital markets experience to the Board.

In the 3 years immediately before the end of the financial year, Mr Jones also served as a director of the following listed companies:

Oakajee Corporation Limited - current directorship

Douglas Rose (Executive Director)

Mr. Rose was appointed to the board of the Company in March 2013 as a Non-Executive director. He has been the Managing director of Santa Fe Minerals since 1 July 2013 and oversaw the restructure and sale of the ATM business. Prior to his appointment as Managing Director, Mr. Rose was a Private Client Adviser with Patersons Securities Limited. He holds a Bachelor of Commerce degree from Curtin University and has over 12 years' experience in the financial services industry.

In the 3 years immediately before the end of the financial year, Mr Rose also served as a director of the following listed companies:

Oakajee Corporation Limited - current directorship

Terence Brown (Non-Executive Director)

Mr Brown is a geologist with over 31 years' experience in mining and exploration of precious, base and industrial minerals. He has been involved in exploration, project development and operational roles within Australia and Africa for a number of mid-tier mining companies including Resolute Mining Ltd and Integra Mining Ltd. Mr Brown has a Bachelor of Science (Mining Geology) from Western Australian School of Mines and a Post-Graduate Diploma in Natural Resources from Curtin University.

Mr Brown did not hold any other directorships in other listed companies in the last 3 years immediately before the end of the financial year.

Andrew Quin (Non-Executive Director) (*resigned on 28 September 2018*)

Mr Quin is an economist with extensive experience in both the Australian and US stock markets. He has a unique international perspective and macro view on markets, global economics and investment strategy. Mr Quin is currently Senior Investment Manager for TWD (AFSL 475964) focused on both macroeconomic strategy and portfolio management. He holds a Masters of Science, Mineral Economics from Curtin University of Technology.

Mr Quin did not hold any other directorships in other listed companies in the last 3 years immediately before the end of the financial year.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Directors' Report

Company Secretary

Krystel Kirou

Ms Kirou holds a Bachelor of Commerce degree from the University of Western Australia and has over 9 years' experience in financial reporting and corporate services. She is a member of CPA Australia and the Governance Institute of Australia. Ms Kirou is an employee of Nexia Perth, a mid-tier corporate advisory and accounting practice, and has held similar secretarial roles in various other listed and non-listed companies.

Directors' Interests

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

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

	No. of options over ordinary shares	No. of fully paid ordinary shares
Mark Jones	-	5,860,000
Douglas Rose	-	4,549,748
Terence Brown	-	-

There were no ordinary shares issued by the Company during or since the end of the financial year as a result of the exercise of options.

At the date of this report there are 1,750,000 unissued ordinary shares of the Company under option.

Dividends

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

Principal activities

The principal activities of the Group during the course of the financial year were exploration for gold and base metals within the state of Western Australia.

Directors' Report

Review of operations

Exploration Operations

During the year, the Group continued exploration across five targets - Rosemary/Ann & N6 (Copper/Zinc), Yalanga Bore (Copper/Zinc), Watson's Well (Vanadium), Central Paynesville (Gold), Pioneer/Windsor (Gold/Copper), Mt Ford (Gold) and Yarrambie (Nickel).

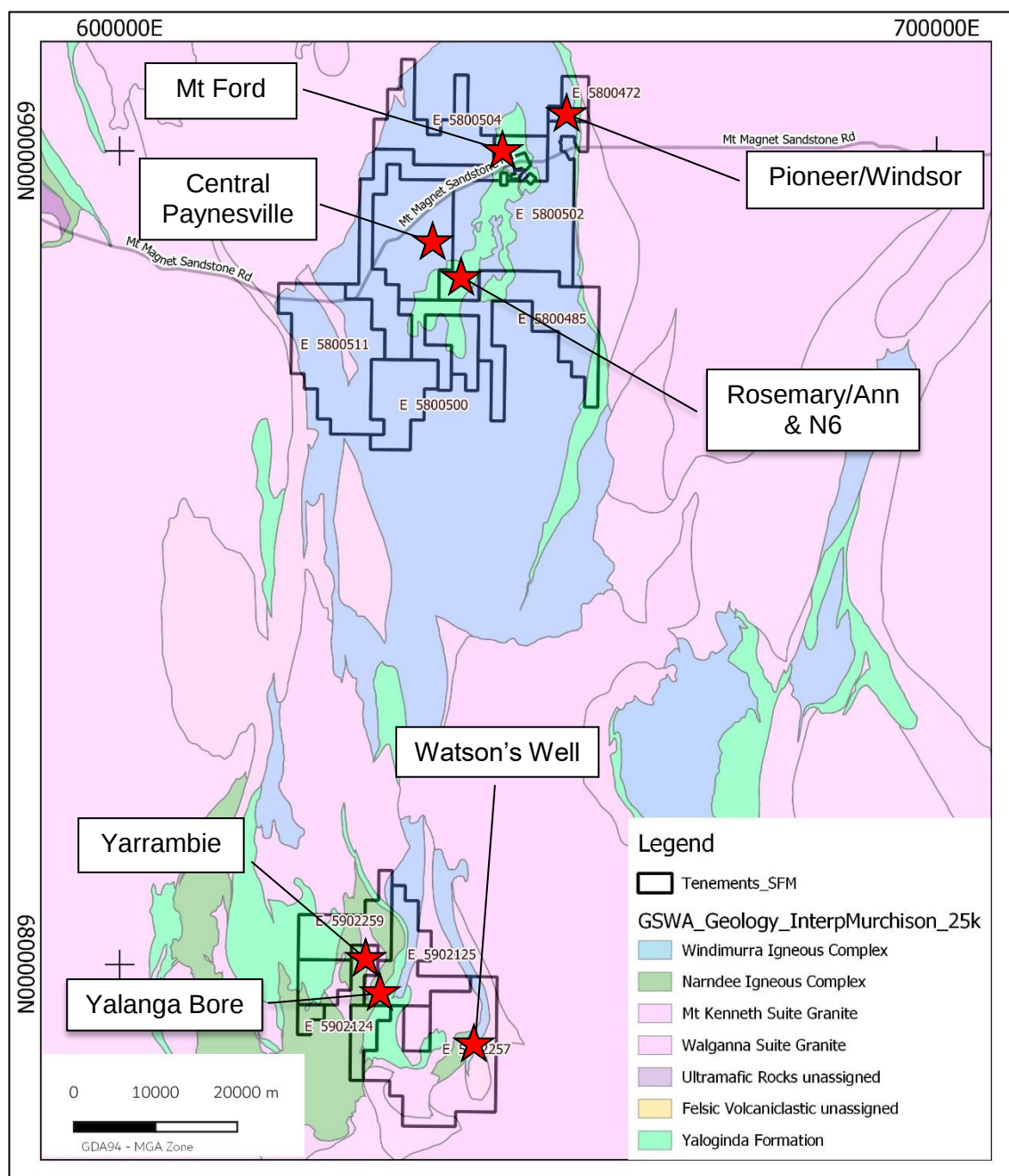


Figure 1 - Challa Project Area and prospects.

Directors' Report

Review of operations (continued)

Yalanga Bore - Copper/Zinc

Yalanga Bore was explored by Duval Mining (Australia) Limited (**"Duval"**) in 1983-1984. The Duval work is documented in WAMEX report A15951 and comprised geological mapping, surface sampling, ground magnetics, a low powered electromagnetic system (EM37) and drilling. Drilling comprised 68 shallow RAB holes (2,224m), 4 percussion holes (370m), 4 rotary mud holes (153m) and one diamond tail (140m). The Company has located the diamond hole collar YBD1 and percussion holes (YBP69-YBP74) in the field however there are no corresponding samples available.

Duval did not report the sampling and assay methods but did provide limited drill assay data showing a steeply dipping zone of elevated copper ranging from 500ppm to 7,950ppm and Zinc ranging from 1,000ppm to 6,850ppm. This zone was logged as gossan by the Duval geologists. One diamond drill hole (YBD1) was completed below the gossan zone with the geological logs noting disseminated to semi massive pyrite, pyrrhotite, chalcopyrite and sphalerite. The diamond core is not available and was only selectively sampled by Duval with narrow moderately anomalous zinc and copper reported.

The Company believes the copper and zinc results reported by Duval may indicate the presence of a VMS copper-zinc deposit at depth below the weathered zone. The mineralization is open along strike and at depth. Following the end of the period, the Company completed a MLEM survey at Yalanga Bore that has successfully defined a strong conductor north of the zinc and copper mineralisation intersected in the historic Duval percussion and diamond drilling (Figure 2). The modelled conductor plate is shallow (100m) and immediately adjacent to the drilling but has not been effectively tested by the previous drilling.

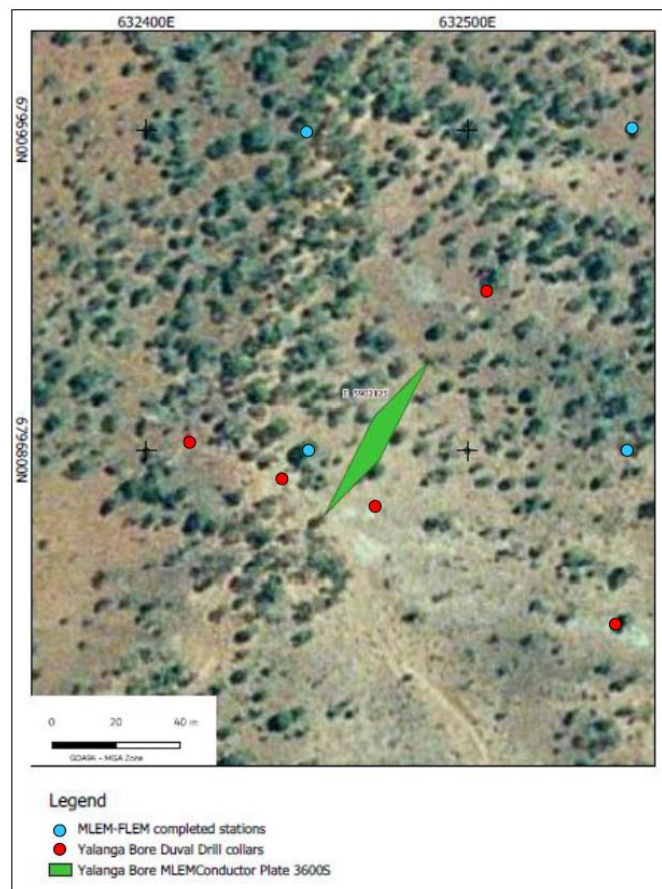


Figure 2 - Yalanga Bore MLEM modelled plate and historic drill collars.

Reverse Circulation (RC) drilling is planned to test the Yalanga Bore conductor in late November 2019.

Directors' Report

Review of operations (continued)

Rosemary/Ann & N6 - Copper Zinc

CRA Exploration Pty Ltd (CRAE) explored the Rosemary/Ann prospect in 1983 (WAMEX report A13821). They completed geological mapping, rock chip sampling, ground magnetics and a low powered ground electromagnetic survey. The CRAE rock chip ledger records assay results of up to 1,850ppm Cu and 5,400ppm Zn over 500m. No drilling is reported from these prospects. The Company collected two rock chips at the Rosemary prospect which returned 792ppm Zn, 536ppm Cu and 550ppm Zn, 364ppm Cu respectively.

In 2008 Maximus Resources Limited (Maximus) completed a regional broad spaced, 400m line, airborne EM (AEM) survey over an area that included the Rosemary / Ann prospect. This work located the N6 conductor about 1.5km to the south of the Rosemary / Ann prospects (WAMEX open file report A81908) The N6 conductor is described as a discrete mid-time conductor evident as peaks on 5 of the 100m spaced infill lines. No follow-up groundwork was reported by Maximus. The Company believes the Rosemary / Ann prospect together with the N6 AEM conductor 1.5km to the south may indicate a VMS system at depth.

Following the end of the financial year, the Company completed a MLEM survey over the Rosemary / Ann prospect and a FLEM survey over the N6 airborne EM conductor. Four conductors were located at the N6 anomaly (Figure 3). No conductors were located at the Rosemary Ann prospect. The four conductors at N6 are shallow dipping and range from strong to moderate intensity. The top of the modelled conductors' range in depth is from 50-100m.

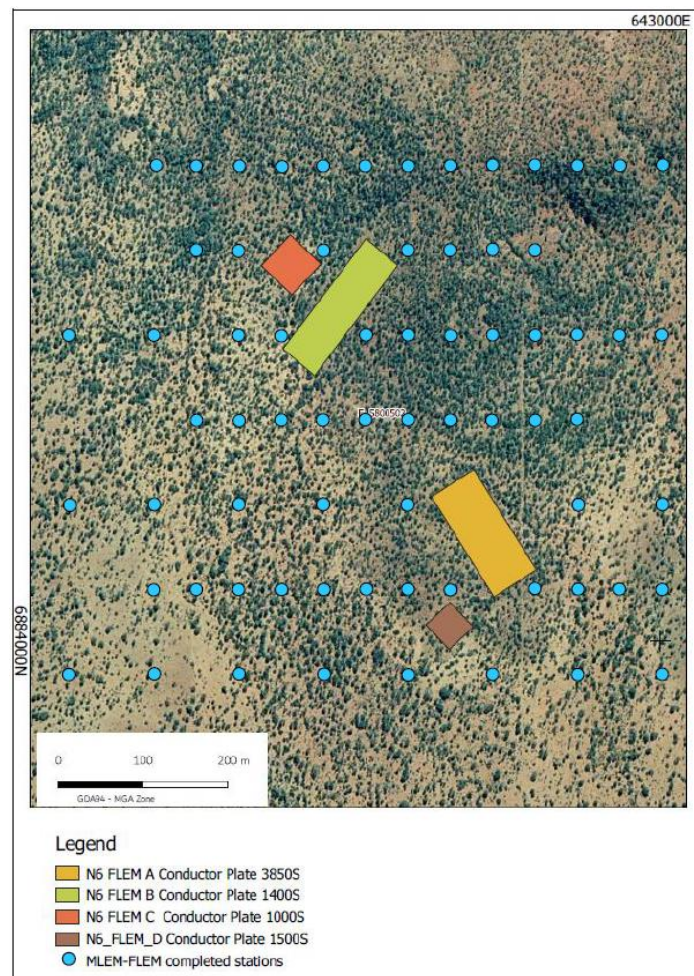


Figure 3 - Rosemary/Ann Rock Chip results – Copper.

Reverse Circulation (RC) drilling is planned to test the N6 conductors in late November 2019.

Directors' Report

Review of operations (continued)

Watson's Well - Vanadium

During the financial year, the Company received final assay results from an extensive mapping and surface sampling program across the priority zones of the anomaly (see announcement dated 14 November 2018). Mag Lag sampling on a 250m by 100m grid was undertaken over a 2.4km² area. Rock chip samples were also taken from outcropping magnetite. Assay results for the program are shown in Figures 4 and 5 below.

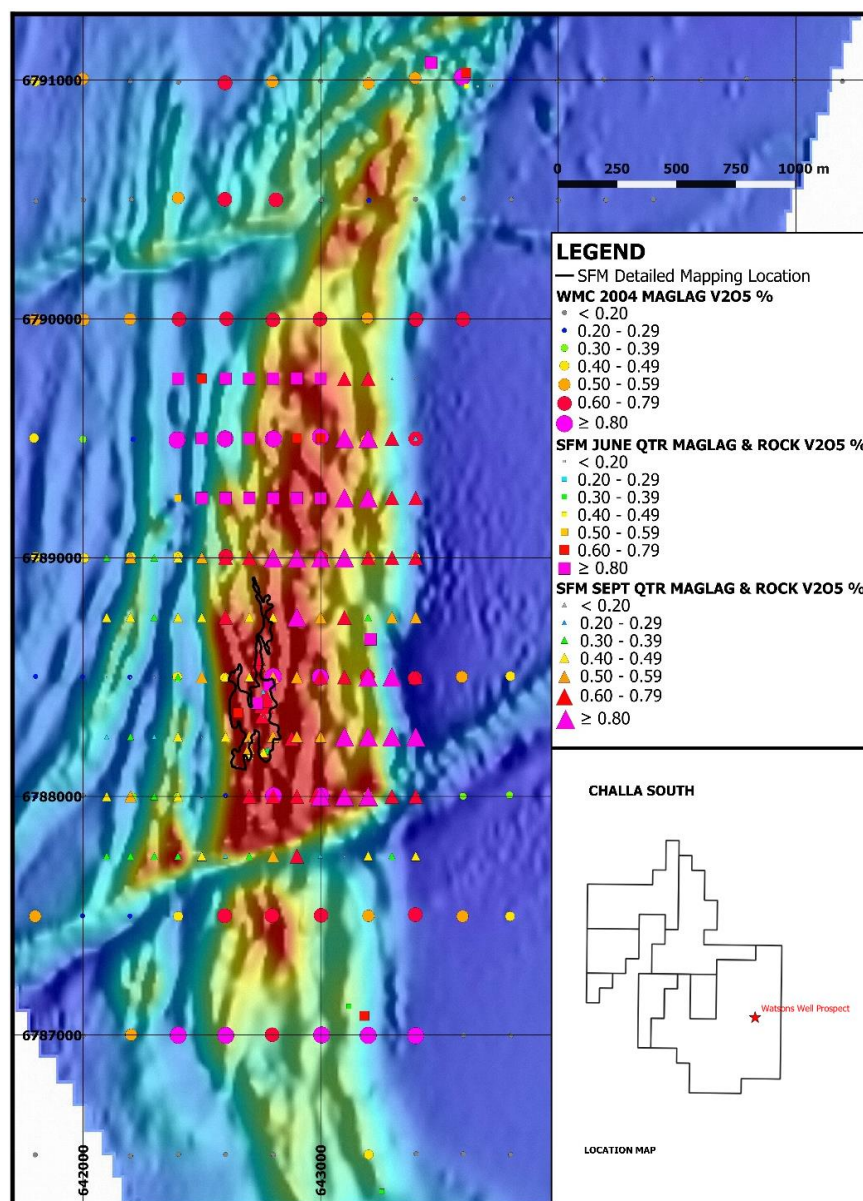


Figure 4 - V₂O₅ MagLag and Rock Chip sampling assay results and location of detailed mapping location at Watson's Well Prospect from the 2018 calendar year.

Directors' Report

Review of operations (continued)

Detailed mapping of available outcrop along the south western section of the magnetic surface anomaly confirmed multiple 0.1m to 0.5m true thickness and strike continuous magnetite layers within layered 3m to 10m thick meta-gabbro and several late-stage strike continuous pegmatite sills. The majority of the magnetic anomaly area is covered by transported alluvium and duricrust consisting of transported cover and residual magnetite scree.

Multiple outcrops across the magnetic anomaly of resistant quartz and pegmatites confirm the lateral continuity of the pegmatites. There is no continuous outcrop across the magnetic anomaly to create a complete stratigraphic profile of the magnetite rich layers; only drilling beneath the transported cover will be able to define the geology profile of the package.

The latest surface geochemical data (MAGLAG and Rock Chip V_2O_5 content) does not show a direct correlation with the magnetic intensity image. The strongest magnetic intensity is not associated with the highest V_2O_5 assay grade and is more likely reflecting regolith dispersion of the magnetite scree by weathering and surface transport processes.

The MAGLAG samples recently completed across the magnetic anomaly display a consistent elevated $>0.60\%$ V_2O_5 anomaly. Grade variation from insitu rock chip data collected to date for the cumulate magnetite layers vary between 0.31% and 1.64% V_2O_5 (22 samples); meta-gabbro containing minor magnetite vary between 0.03% and 0.09% V_2O_5 (9 samples) and meta-gabbro containing common magnetite vary between 0.13% and 0.69% V_2O_5 (12 samples).

Based on field mapping, the magnetite layering is dipping at -75 degrees towards the West; if the unit is not structurally overturned, the lower magnetite units are on the eastern side of the magnetic anomaly.

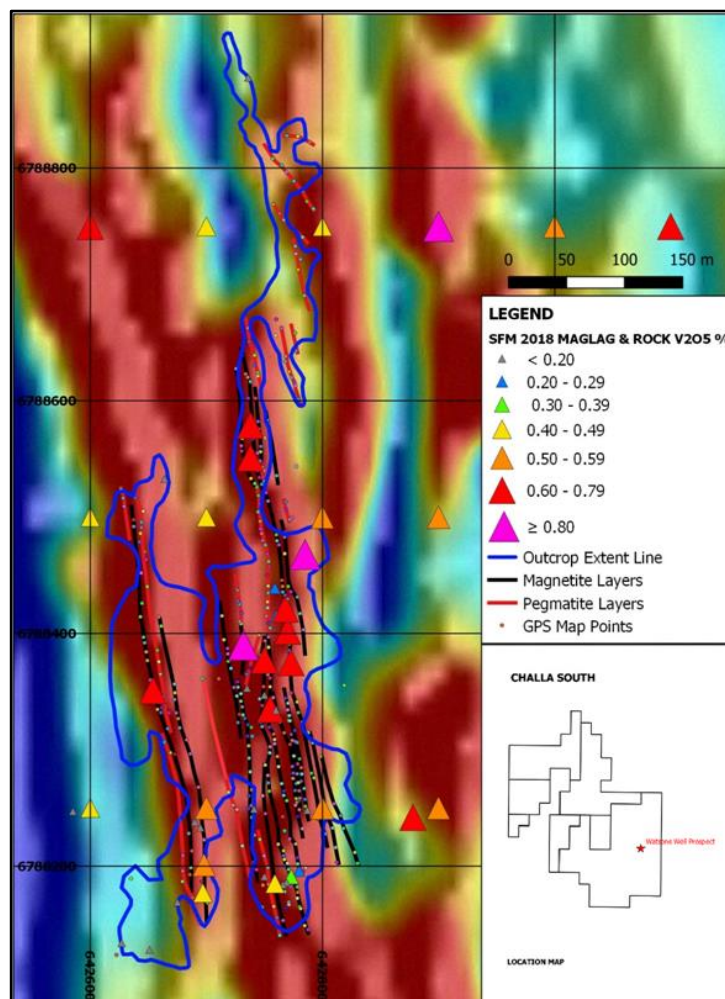


Figure 5 - V_2O_5 MagLag and Rock Chip sampling assay results and detailed outcrop mapping at Watson's Well Prospect.

Directors' Report

Review of operations (continued)

The eastern side of the magnetic anomaly is proposed to represent the lower section of the Shephards Discordant Zone (SDZ) that contains higher V_2O_5 weight content magnetite relative to TiO_2 weight content. Due to the transported cover and surface dispersion of the residual soils, the magnetic image is not reflecting the true location or intensity of the highest V_2O_5 grade magnetite layers. The lower zone of the SDZ on the eastern side of the magnetic anomaly has the potential of being the more prospective side; however only drill testing can confirm the interpretation and provide representative assay data. The exposed western magnetite layers may represent the more evolved upper magnetite units with potentially lower V_2O_5 weight content relative to TiO_2 weight content magnetite units of the SDZ.

Pioneer/Windsor – Gold

During the financial year, final assay results were received for a 100m by 200m surface LAG sampling grid and a rock chip sampling program. Field mapping also identified another high-grade small mine working to the north of the Pioneer North site (see announcement dated 14 November, 2018). A total of three high grade historic mine workings with best grades: **8.9g/t**, **19.0g/t** and **25.3g/t** (new site) have been mapped within a 2.2km Gold-Copper-Bismuth mineral system. 100m spaced magnetic data highlights at least two north-south structures with the eastern shear forming the contact between the Windimurra Igneous Complex (WIC) from the Yaloginda Formation and Big Bell Granites to the East. The western north-south shear appears to be the same structure that hosts the Windsor Castle mine workings 3.8 km to the south.

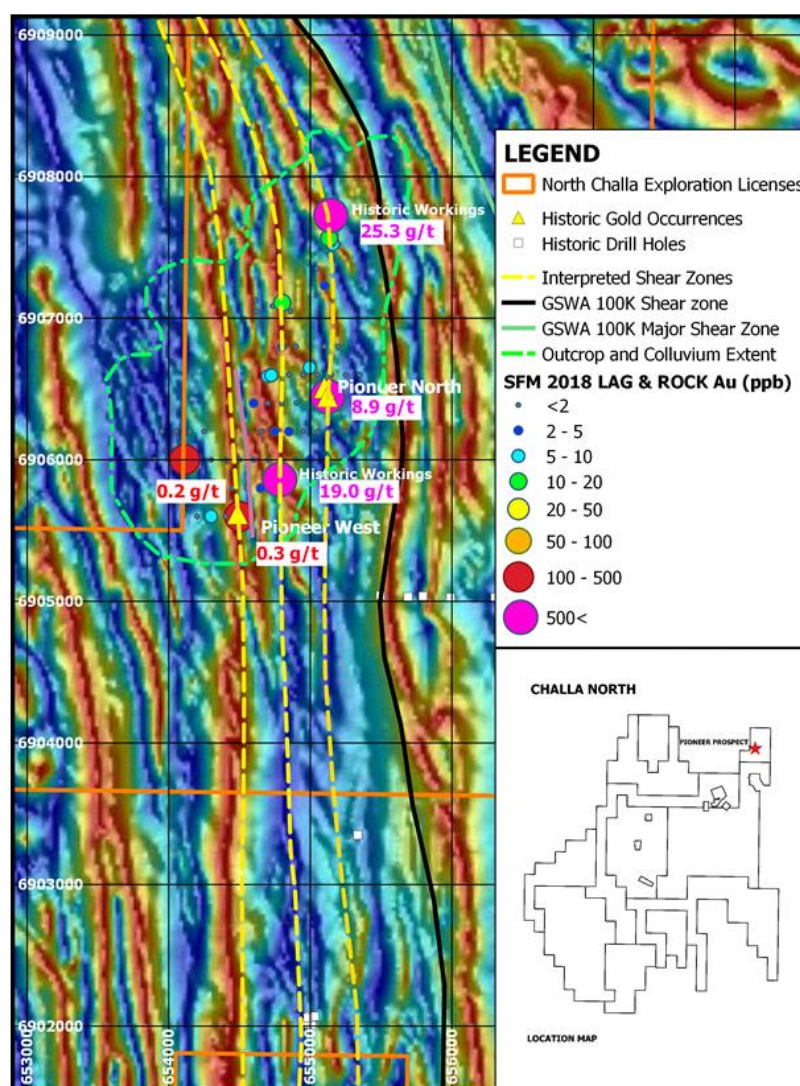


Figure 6 - Recent Lag and Rock Chip results at Pioneer Prospect over UTS 100m multiclient aeromagnetic data showing interpreted shear zones.

Directors' Report

Review of operations (continued)

The Leucogabbro country rock hosting the shear structures is classified as part of the lower zone of the Windimurra Igneous Complex (WIC). Field observations indicate that the fabric is distinctly massive and coarse grained away from the finite shear zones hosting the quartz veins and mineralisation. The main shear hosting the quartz veining appears to be strike continuous approximately north-south and narrow 2 - 4m wide; gold mineralisation within the system is likely to be focused along these narrow (conduits) shears. The country rock appears to be resistant to deformation and hence any locality where the structure needs to deviate slightly along the main shear corridor may act as a dilation point for gold mineralisation. The mineralisation occurs within a discreet 600m wide zone and is untested 1km to the north and 3.6km to the south of the surface outcrop due to shallow transported cover.

Central Paynesville – Gold

As announced on 28 May 2018, the Company completed 1,563 metres of slim-line Reverse Circulation (RC) drilling at its Challa North project area with composite assay results being received during the half. The Company completed a total of 27 shallow slimline RC drill holes separated by 100 - 200m spacing along two east-west drill lines and 6 shallow slimline RC drill holes targeting the Fenceline quartz vein.

The east-west drill lines were sampled on 3m composites and designed to intercept both the interpreted major north-south striking and the northwest-southeast structures highlighted in the UTS Geophysics Pty Ltd (UTS) 100m multi-client aeromagnetic data.

Six of the east-west shallow slimline RC holes intercepted >20ppb Au values and all of these holes were re-assayed during the December half year to the 1m primary sample retained in green poly bags. All six holes returned >50ppb assays with the best 1m composite of 389ppb at 22m down hole for PCRC10015 and 348ppb at 44m down hole for PCRC10023; indicating an open gold system (see announcement dated 14 November 2018).

Table 1 below summarises all 50ppb and above significant intercepts for the Paynesville drilling program on 1m composite samples. The table also contains three holes (PCRC10028, PCRC10029 and PCRC10033) drilled by the Company and previously reported, targeting the Fenceline quartz vein.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Directors' Report

Review of operations (continued)

RC drill hole intersections tabulated below are calculated with a 50ppb Au lower cut for the entire drill program. These represent the intersections from individual 1m sample results and include 1m of internal dilution. The samples are routinely collected as 1m sample intervals from the cyclone or field reject.

Hole ID	Collar N (MGA)	Collar E (MGA)	Collar RL	Dip	Azimuth	Hole Depth (m)	Depth From (m)	Depth To (m)	Downhole Intersection (m)	Au Value (ppb)
PCRC10010	6891803	639403	489	-60	90	72	6	8	2	108
Including							6	7	1	164
PCRC10010	6891803	639403	489	-60	90	72	10	11	1	51
PCRC10011	6891803	638902	480	-60	90	39	19	20	1	76
PCRC10013	6891803	638703	480	-60	90	36	17	18	1	152
PCRC10015	6891795	638527	481	-60	90	48	16	18	2	52
PCRC10015	6891795	638527	481	-60	90	48	20	27	7	153
Including							22	23	1	389
Including							25	26	1	243
PCRC10021	6888800	638830	478	-60	90	45	21	24	3	87
Including							21	22	1	164
PCRC10023	6888798	639398	477	-60	270	66	44	49	5	134
Including							44	45	1	348
PCRC10028	6888483	638848	479	-60	360	72	17	19	2	68
Including							17	18	1	104
PCRC10029	6888506	638850	479	-60	360	48	16	23	7	66
Including							16	17	1	182
PCRC10033	6888525	638450	478	-60	360	48	18	20	2	1890
Including							18	19	1	3740

Table 1: 2018 Paynesville and Fenceline RC Drilling Results – Challa North – Paynesville Gold Trend

Of the 33 holes completed during the Paynesville drilling program, 9 drill holes with elevated (>50ppb) gold intercepts occurred within a 1km wide zone running parallel to a major north-south magnetic structural line. Historic surface samples also show a sharp grade transition away from the north-south contact; gold mineralizing fluids may be associated with this structure; no historic drilling has tested this contact between the two recent east-west drill lines. The majority of gold occurrences observed on surface are associated with discrete dilation quartz veins and stacked en-echelon shear veins.

The abundant occurrences of these finite gold hosted bucky quartz veins proximal to the north-south shear structure indicate that a larger gold provenance may occur at depth along the north-south shear structure; preventing simple grade vectoring methods using surface sampling.

Directors' Report

Review of operations (continued)

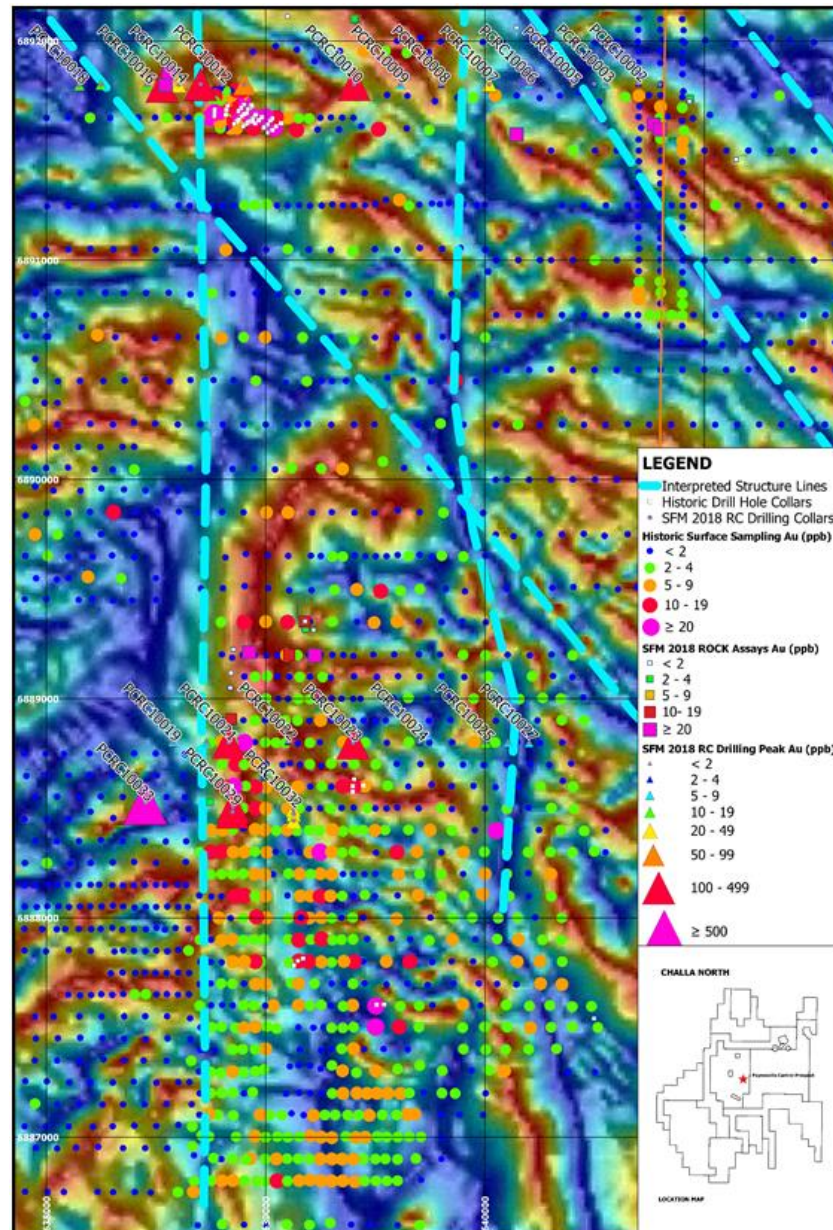


Figure 7 - Drill Hole Location plan over UTS 100m multi-client aeromagnetic data showing recent RC drilling relative to interpreted structures. Historic surface sampling and recent Rock Chip results shown.

Mt Ford - Gold

The Mt Ford prospect is located adjacent to the historic Paynesville mine workings (excised).

During the year, the Company undertook two LAG sampling grids and Rock Chip sampling on two localities across the Mt Ford prospect with Assays received during the December half; refer to Figure 8 below. The locality has good exposure of the host rock which consists of equigranular felsic volcanic and sedimentary rocks of the Kantie Murdana Volcanics (KMV) Member that occurs as a local roof pendant to the folded Windimurra Igneous Complex (WIC). The KMV unit displays ubiquitous north south axial planar foliation parallel to the WIC fold hinge. Shear planes parallel to the north-south axial foliation have produced discrete sites of en echelon dilation quartz veins often hosting gold mineralisation.

Directors' Report

Review of operations (continued)

Of the two surface LAG grids completed at Mt Ford prospect, the eastern grid displayed an open Au anomaly to the north with a best grade anomaly of 72ppb, individual rock chip assays also show above background Au values. A discrete northeast linear trend is also evident on the western grid with a best grade anomaly of 0.34g/t, further mapping and rock chip sampling is required to determine if the trend is significant. Planned work will include infilling and extending the eastern surface LAG grid to the north across the open target zone; refer to Figure 8 below.

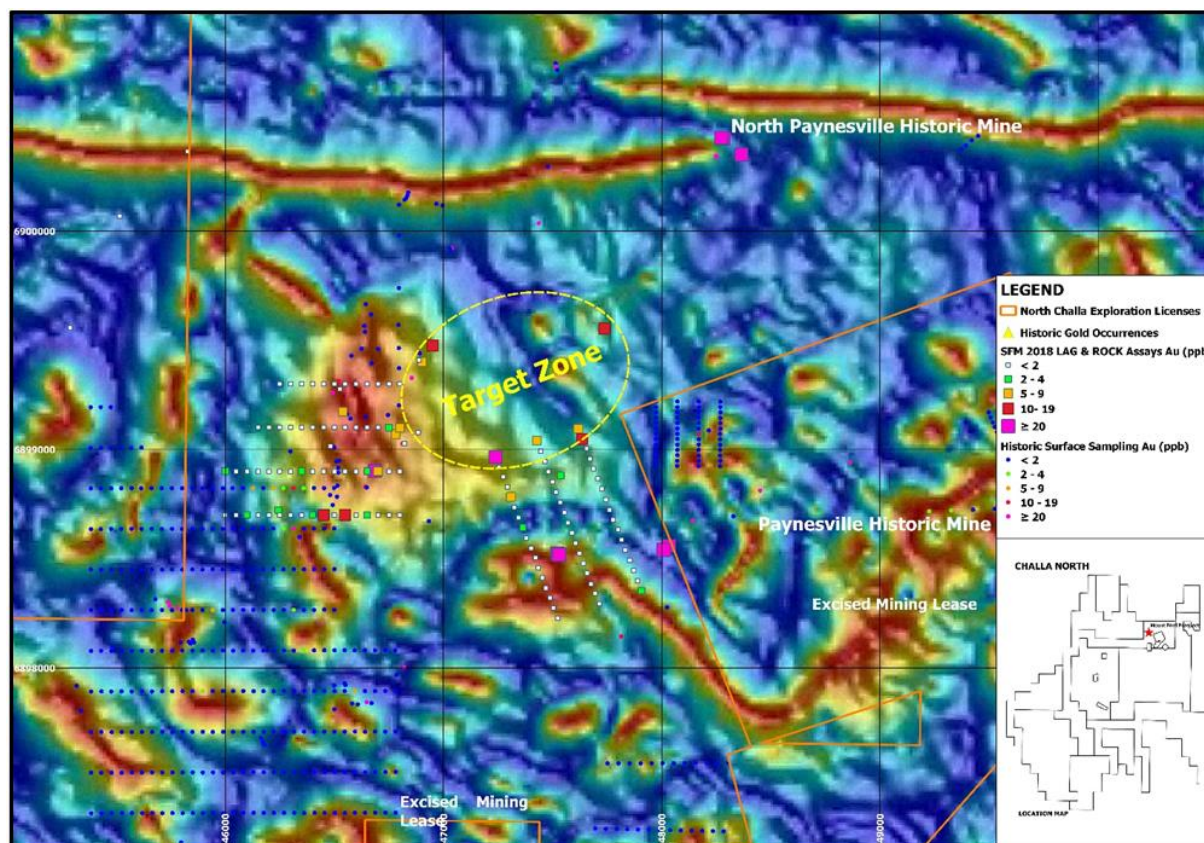


Figure 8 - Lag and Rock Chip results at Mt Ford Prospect over UTS 100m multiclient aeromagnetic data showing open target zone. Historic surface sampling and gold occurrences shown.

Yarrambie - Nickel/Copper/Cobalt

During the financial year, the Company completed its ground based moving-loop time-domain electromagnetics (MLTEM) survey over its Yarrambie Nickel prospect in Western Australia. The results of the survey indicated that there are no significant conductors indicative of massive sulphide mineralisation within 200m of the surface. The Company has since relinquished parts of the ground at Challa South, including the Yarrambie prospect.

COMPLIANCE STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr Reginald Beaton who is a Member of the Australian Institute of Geoscientists. Mr. Beaton is an employee of Santa Fe Minerals Limited and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Beaton consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears. All technical information in this report has previously been released to ASX, see the following announcements: 6 August 2018 - "Exploration Update - Paynesville Gold Trend Drilling Results and Watson's Well Vanadium Exploration Program"; 21 September 2018 - "Ground EM Survey Completed at Yarrambie Nickel Prospect"; 14 November 2018 - "Exploration Update - Watsons Well Vanadium and Regional Gold Prospects"; 29 July 2019 - "Quarterly Activities and Cashflow for the Period Ended 30 June 2019"; and 16 September 2019 - "Strong Electromagnetic Conductors identified at Challa North and South Copper/Zinc VMS Targets". The Company is not aware of any new information or data that materially affects the information included in the above.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Directors' Report

Review of operations (continued)

The net loss after income tax attributable to members of the Company for the financial year ended 30 June 2019 was \$784,110 (30 June 2018: \$1,243,478). At 30 June 2019, the Company had net assets of \$5,694,253 (30 June 2018: \$6,478,363).

Operating Performance

The table below shows the key operating outcomes achieved as compared with the previous two comparative periods to 30 June 2019:

	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Other income	107	151	236
Net (loss)/profit before tax	(784)	(1,243)	(353)
Net (loss)/profit after tax	(784)	(1,243)	(353)
Share price at start of year	\$0.22	\$0.12	\$0.12
Share price at end of year	\$0.09	\$0.22	\$0.12
Basic loss per share (cents)	\$1.08	\$1.82	0.58
Diluted loss per share (cents)	\$1.08	\$1.82	0.58

Financial Position

As at 30 June 2019, the Company had cash and cash equivalents of \$4,774,500 and net assets of \$5,694,253.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this report.

Significant events after balance date

There has been no matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Environmental legislation

The Group is not subject to any significant environmental legislation.

Indemnification and insurance of directors and officers

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

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Directors' Report

Remuneration Report - audited

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the key management personnel of Santa Fe Minerals 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 Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key Management Personnel

Mr Mark Jones - Director since May 2011
Mr Douglas Rose - Director since March 2013
Mr Terence Brown - Director since August 2017
Mr Andrew Quin - Resigned 28 September 2018

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration structure

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

Non-executive director remuneration

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

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external advisers and shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. The remuneration of the non-executive directors for the year ended 30 June 2019 is detailed in Table 1 of this report.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (which may comprise short-term and long-term incentive schemes).

Fixed Remuneration

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

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Performance Based Remuneration

No performance based amounts have been paid or determined to be paid to directors at this stage of the Group's development.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Directors' Report

Remuneration Report (continued)

Variable Remuneration

The objective of any short term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available will be set at a level so as to provide sufficient incentive to senior management to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Actual payments granted to each senior manager will depend on the extent to which specific operating targets set at the beginning of the financial year are met. The aggregate of annual payments available for executives across the Group is subject to the approval of the Board. Payments made may be delivered as a cash or shares/options bonus in the following reporting period.

The Company currently does not have any long term incentive payment arrangements in operation.

Service Agreements

The Company entered into a service agreement with Mr Rose on 16 June 2014. The service agreement was extended on 1 July 2016 for a period of two years to 30 June 2018. On 24 May 2018, the Company agreed to extend the service agreement for a further 2 years to 30 June 2020. Mr Rose is entitled to a fixed base remuneration of \$100,000 per annum plus statutory superannuation.

The service agreement can be terminated by either party providing three months' notice, with the Company being entitled to make a payment in lieu of that notice. In the event of termination by the Company, Mr. Rose will be entitled to a termination payment of \$100,000, less any payment made in lieu of notice.

Bonuses

There were no bonuses granted including those with service and performance criteria during the financial year.

Remuneration of Key Management Personnel

Table 1: Key Management Personnel remuneration for the years ended 30 June 2019 and 30 June 2018.

		Short-term employee benefits		Post employment benefits	Other long-term benefits	Share-based payments	Total	Relative proportion of remuneration linked to performance	
		Salary & Fees \$	Bonus \$	Super-annuation \$	Other \$	Shares \$		Fixed \$	Performance linked \$
Mark Jones	2019	100,000	-	9,500	-	-	109,500	100%	-
	2018	100,000	-	9,500	-	-	109,500	100%	-
Douglas Rose	2019	100,000	-	9,500	-	-	109,500	100%	-
	2018	100,000	-	9,500	-	-	109,500	100%	-
Terence Brown	2019	20,000	-	1,900	-	-	21,900	100%	-
	2018	34,203	-	3,249	-	-	37,452	100%	-
Andrew Quin ¹	2019	6,250	-	594	-	-	6,844	100%	-
	2018	25,000	-	2,375	-	-	27,375	100%	-
TOTAL	2019	226,250	-	21,494	-	-	247,744		
	2018	259,203	-	24,624	-	-	283,827		

¹ Resigned as a non-executive director on 28 September 2018.

Share Option Plans

There were no share options issued during the financial year.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Directors' Report

Remuneration Report (continued)

Share-based compensation to Key Management Personnel

There were no share-based payments to directors and executives during the year.

Shareholdings of Key Management Personnel

30 June 2019	<i>Balance at beginning of year</i>	<i>Granted as remuneration</i>	<i>Net Change Other</i>	<i>Balance at end of year</i>
<i>Directors:</i>				
Mark Jones	5,860,000	-	-	5,860,000
Douglas Rose	4,000,000	-	549,748	4,549,748
Terence Brown	-	-	-	-
Andrew Quin ¹	-	-	-	-
	9,860,000	-	549,748	10,409,748

¹ Resigned as a non-executive director on 28 September 2018.

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

Loans to Key Management Personnel

There were no loans provided to key management personnel during the financial year or outstanding at balance date (2018: nil).

Other transactions with Key Management Personnel

During the period, the Company paid \$8,667 (excluding GST) to a related entity of Mark Jones and Douglas Rose for rental of office premises (2018: \$14,300). The sub-lease agreement was terminated in February 2019. As at 30 June 2019, there is a nil balance outstanding.

Associates and Joint Ventures in which the parent entity is a venturer

The Group does not have any associates and has no interests in joint ventures.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. No guarantees have been provided or received for any related party receivables or payables. For the year ended 30 June 2019, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties (2018: nil).

END OF REMUNERATION REPORT

Directors' Meetings

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

	Number eligible to attend	Number attended
Mark Jones	4	4
Douglas Rose	4	4
Terence Brown	4	4
Andrew Quin ¹	1	1

¹ Resigned as a non-executive director on 28 September 2018.

Proceedings on behalf of the Company

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

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Directors' Report

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 20 and forms part of this directors' report for the year ended 30 June 2019.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 17 to the consolidated financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the Board of directors.

A handwritten signature in black ink, appearing to read 'Mark Jones', with a stylized flourish at the end.

Mark Jones
Non-Executive Chairman

18 September 2019
Perth, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Santa Fe Minerals 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:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
18 September 2019



D I Buckley
Partner

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Continuing operations			
Other income	2	106,723	151,296
Employee benefits expense	2	(372,454)	(422,597)
Depreciation	10	(25,464)	(9,314)
Exploration expenditure		(313,005)	(295,899)
Other expenses	2	(341,609)	(588,193)
Fair value gain/(loss) on FVTPL assets	16	161,699	(78,771)
Loss before income tax expense		(784,110)	(1,243,478)
Income tax expense	3	-	-
Loss after tax		(784,110)	(1,243,478)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of available-for-sale assets		-	196,078
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Available-for-sale assets disposed		-	72,452
Other comprehensive income for the year, net of tax		-	268,530
Total comprehensive loss for the year		(784,110)	(974,948)
Basic loss per share (cents)	5	(1.08)	(1.82)
Diluted loss per share (cents)	5	(1.08)	(1.82)

The accompanying notes form part of these financial statements.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Consolidated Statement of Financial Position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current Assets			
Cash and cash equivalents	6	4,774,500	4,812,821
Trade and other receivables	7	23,687	31,469
Other financial assets	8	6,561	20,451
Current tax asset	3	-	-
Total Current Assets		4,804,748	4,864,741
Non-Current Assets			
Assets classified as FVTPL	16	387,175	1,140,000
Deferred exploration expenditure	11	521,067	521,067
Property, plant and equipment	10	59,781	62,472
Total Non-Current Assets		968,023	1,723,539
Total Assets		5,772,771	6,588,280
Liabilities			
Current Liabilities			
Trade and other payables	12	32,193	60,753
Provisions	14	46,325	49,164
Total Current Liabilities		78,518	109,917
Total Liabilities		78,518	109,917
Net Assets		5,694,253	6,478,363
Equity			
Issued capital	15	14,757,954	14,757,954
Reserves	15	76,067	272,145
Accumulated losses		(9,139,768)	(8,551,736)
Total Equity		5,694,253	6,478,363

The accompanying notes form part of these financial statements.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

	Issued capital \$	Fair value reserve \$	Share based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2017	16,405,862	(72,452)	-	(7,308,258)	9,025,152
Loss for the year	-	-	-	(1,243,478)	(1,243,478)
Other comprehensive income for the year, net of income tax	-	268,530	-	-	268,530
Total comprehensive loss for the year, net of income tax	-	268,530	-	(1,243,478)	(974,948)
Share issued during the period	1,200,000	-	-	-	1,200,000
Share issue costs	(99,812)	-	-	-	(99,812)
Share capital reduction	(2,748,096)	-	-	-	(2,748,096)
Share-based payments	-	-	76,067	-	76,067
Balance at 30 June 2018	14,757,954	196,078	76,067	(8,551,736)	6,478,363
Balance at 1 July 2018	14,757,954	196,078	76,067	(8,551,736)	6,478,363
Adjustment on initial application of AASB 9	-	(196,078)	-	196,078	-
	14,757,954	-	76,067	(8,355,658)	6,478,363
Loss for the year	-	-	-	(784,110)	(784,110)
Other comprehensive income for the year, net of income tax	-	-	-	-	-
Total comprehensive loss for the year, net of income tax	-	-	-	(784,110)	(784,110)
Balance at 30 June 2019	14,757,954	-	76,067	(9,139,768)	5,694,253

The accompanying notes form part of these financial statements.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Other income		104,297	162,009
Payments to suppliers and employees		(604,995)	(913,660)
Exploration and evaluation expenditure		(429,295)	(399,602)
Net cash outflow from operating activities	6	(929,993)	(1,151,253)
Cash flows from investing activities			
Payments for plant and equipment		(22,773)	(69,217)
Payments for equity FVTPL assets		(1,299,781)	(944,231)
Proceeds from disposal of equity FVTPL assets		2,214,226	293,990
Payments for acquisition of tenements		-	(245,000)
Net cash inflow/(outflow) from investing activities		891,672	(964,458)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,000,000
Return of capital		-	(2,748,096)
Payments for share issue costs		-	(99,812)
Net cash outflow from financing activities		-	(1,847,908)
Net decrease in cash held		(38,321)	(3,963,619)
Cash and cash equivalents at beginning of year		4,812,821	8,776,440
Cash and cash equivalents at end of year	6	4,774,500	4,812,821

The accompanying notes form part of these financial statements.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

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

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Santa Fe Minerals Limited and its subsidiaries.

The financial report has been prepared on a historical cost basis except for FVTPL assets which have been measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial report is presented in Australian dollars. The Company is a listed public company, incorporated in Australia.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2019

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2018.

As a result of this review, the Group has initially applied AASB 9 from 1 July 2018.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and makes changes to a number of areas including classification of financial instruments, measurement, 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 losses 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 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.

The investments held by the Group were classified as 'financial assets at fair value through profit or loss' ("FVTPL"). Previously these investments were classified under AASB 139 as 'available-for-sale ("AFS") financial assets. The accumulated fair value of these investments in the 'fair value' reserve was transferred to accumulated losses on 1 July 2018 (refer to Note 16).

There is no material impact to net assets on the adoption of this new standard in the current or comparative years. Refer to Note 16 for further details.

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

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issued but are not yet adopted for the year ended 30 June 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 18 September 2019.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Santa Fe Minerals Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Santa Fe Minerals Limited and its subsidiaries are referred to in this financial report as the Group. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability in its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting estimates and judgments

The application of accounting policies requires the use of judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recovery of deferred tax assets

Deferred tax assets are recognised when management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 9.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

(f) Exploration and evaluation expenditure

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

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

Exploration and evaluation costs, excluding the costs of acquiring tenements and permits, are expensed as incurred. Acquisition costs will be assessed on a case-by-case basis and, if appropriate, they will be capitalised.

These acquisition costs are carried forward only if the rights to tenure of the area of interest are current and either:

- they are expected to be recouped through successful development and exploitation of the area of interest or;
- the activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest, are continuing.

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

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where a decision has been made to proceed with development in respect of an area of interest the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue Recognition

Revenue is measured at 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.

Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Interest income

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

(h) Borrowing costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs.

Finance lease assets are depreciated over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Income tax

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

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

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

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

Tax consolidation legislation

Santa Fe Minerals Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Santa Fe Minerals Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

(k) Other taxes

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(m) Impairment of tangible and intangible assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Cash and cash equivalents

Cash comprises cash at bank and cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging up to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(p) Financial assets

Applicable to 30 June 2018

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the Group has transferred the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial assets (continued)

Impairment of financial assets

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

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its costs (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Applicable to 30 June 2019

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

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

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

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

The classification is determined by both:

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

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

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial assets (continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assets; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

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

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial assets (continued)

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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

(q) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement where the parties have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised on the consolidated statement of financial position and adjusted thereafter to recognised the Groups' share of the profit or loss in other comprehensive income of the associate if joint venture.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in associate or joint venture), the Group discontinues to recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount if the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Investment in associates and joint ventures (continued)

Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceased to be an associate or a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities., the Group reclassified the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests. When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassified to profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and loss resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(r) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

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

Plant and equipment	2-10 years
Motor vehicle	4-8 years

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

Impairment

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Property, plant and equipment (continued)

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the statement of comprehensive income in other expenses.

Derecognition and disposal

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

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

Impairment losses recognised for goodwill are not subsequently reversed.

(s) Trade and other payables

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

(t) Provisions

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

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

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

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

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

(u) Employee leave benefits

Wages, 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 balance date are recognised in other payables in respect of employees' services up to the balance date, they are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

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

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

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

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

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

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

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

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

(x) Issued capital

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

(y) Earnings per share

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

Diluted earnings per share is calculated as net profit / (loss) attributable to members of the parent, adjusted for:

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

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Parent entity financial information

The financial information for the parent entity, Santa Fe Minerals Limited, has been prepared on the same basis as the consolidated financial statements, except in relation to investments in subsidiaries, associates and joint venture entities.

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(aa) Going concern

The consolidated financial report has been prepared on a going concern basis.

NOTE 2: REVENUE AND EXPENSES

	2019	2018
	\$	\$
Employee benefits expense		
Wages, salaries and director fees	342,540	362,908
Superannuation	31,327	34,385
Other personnel expenses	1,426	4,809
Leave entitlement expense adjustment	(2,839)	20,495
	372,454	422,597
Other expenses		
ASX fees	31,478	93,121
Contractors and consultants	84,816	49,911
Auditor's remuneration	30,176	48,120
Insurance	25,281	41,812
Legal fees	313	119,899
Occupancy costs	17,270	13,000
Travel	69,156	123,340
IT costs	13,946	14,237
Share registry fees	4,819	25,259
Other	64,354	59,494
	341,609	588,193
Other income		
Interest received	106,723	151,296
	106,723	151,296

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 3: INCOME TAX

	2019	2018
	\$	\$
<i>Income tax recognised in profit or loss</i>		
Current tax expense	-	-
Benefit arising from previously unrecognised tax losses of a prior period that is used to reduce current tax	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
Deferred tax expense / (income)	-	-
Income tax expense	-	-

The prima facie income tax expense / (benefit) on pre-tax accounting profit / (loss) from operations reconciles to the income tax expense as follows:

Accounting profit / (loss) before income tax	(784,110)	(1,243,478)
Income tax at 30%	(235,233)	(373,043)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible expenses	1,897	26,214
Adjustments recognised in the current year in relation to current tax of prior years	-	36,652
Effect of previously unrecognised tax losses	-	(27,768)
Deferred tax assets not recognised	233,336	337,945
Income tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30.0% payable by Australian corporate entities on taxable profits under Australian tax law.

	2019	2018
	\$	\$
Current tax assets comprise:		
Income tax receivable	-	-
Current tax liabilities comprise:		
Income tax payable	-	-

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 3: INCOME TAX (continued)

Deferred Tax Balances

At 30 June 2019, net deferred tax assets of \$911,710 have not been recognised in terms of AASB112 *Income Taxes*. The Company does not currently have revenue generating activities and therefore it may not have future taxable profit available against which the deductible temporary differences and unused tax losses comprising this net deferred tax amount may be utilised.

Unrecognised deferred tax assets and liabilities as at 30 June 2019 comprise:	Deferred tax assets \$	Deferred tax liabilities \$	Net \$
Financial assets	-	(48,510)	(48,510)
Trade and other receivables	-	(5,415)	(5,415)
Trade and other payables	5,400	-	5,400
Employee benefits	13,898	-	13,898
Unused tax losses	816,237	-	816,237
Other future deductions	130,100	-	130,100
Unrecognised deferred tax assets / (liabilities) before set-off	965,635	(53,925)	911,710
Set-off of deferred tax liabilities	(53,925)	53,925	-
Net unrecognised deferred tax asset	911,710	-	911,710

In addition to the assessed loss and other net future income tax deductions on which deferred tax has not been recognised at 30 June 2019 as set out in the table above, the Company also has accumulated capital losses of \$1,991,003 on which deferred tax has not been recognised. Such capital losses may only be utilised against potential future capital gains.

Unrecognised deferred tax assets and liabilities as at 30 June 2018 comprise:	Deferred tax assets \$	Deferred tax liabilities \$	Net \$
Property, plant and equipment	1,922	-	1,922
Financial assets	-	(49,452)	(49,452)
Trade and other receivables	-	(4,688)	(4,688)
Trade and other payables	4,800	-	4,800
Employee benefits	14,749	-	14,749
Unused tax losses	498,710	-	498,710
Other future deductions	130,632	-	130,632
Unrecognised deferred tax assets / (liabilities) before set-off	650,813	(54,140)	596,673
Set-off of deferred tax liabilities	(54,140)	54,140	-
Net unrecognised deferred tax asset	596,673	-	596,673

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 4: SEGMENT REPORTING

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

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

During the period, the Company operated predominantly in one segment being the minerals exploration sector in Australia. Accordingly, under the "management approach" outlined, only one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

NOTE 5: EARNINGS PER SHARE

	2019	2018
	Cents per share	Cents per share
<i>Loss per share:</i>	(1.08)	(1.82)
<i>Diluted loss per share:</i>	(1.08)	(1.82)

The (loss) / profit and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:

	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	72,818,789	68,242,762
	\$	\$
(Loss) / profit used in the calculation of total basic and diluted earnings per share are as set out in the statement of comprehensive income as follows:	(784,110)	(1,243,478)

NOTE 6: CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank	937,205	340,645
Short-term deposits	3,837,295	4,472,176
	4,774,500	4,812,821

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

Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

<i>Reconciliation of profit/ (loss) for the year to net cash flows from operating activities:</i>	2019	2018
	\$	\$
Loss for the year	(784,110)	(1,243,478)
Depreciation	25,464	9,314
(Gain)/loss on fair value of FVTPL assets	(161,699)	78,771
(Increase)/decrease in assets:		
Trade and other receivables	7,782	(5,133)
Other financial assets	13,890	(19,500)
Increase/(decrease) in liabilities:		
Trade and other payables	(28,481)	8,278
Provisions	(2,839)	20,495
Net cash outflow from operating activities	(929,993)	(1,151,253)

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
Trade and other receivables	23,687	31,469

As at 30 June 2019, no provision for doubtful debts was required (2018: nil). There are no receivables which are past due or impaired.

NOTE 8: OTHER FINANCIAL ASSETS

	2019	2018
	\$	\$
Current		
Prepayments	6,561	20,451

NOTE 9: SHARE BASED PAYMENTS

Options

The following options were issued as part consideration for the acquisition of the Group's tenements:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
SERIES 1	1,250,000	22/11/2017	30/09/2020	\$0.20	\$45,941	22/11/2019
SERIES 2	500,000	01/03/2018	30/09/2020	\$0.20	\$30,126	15/09/2018

The fair value of the equity-settled share options is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 9: SHARE BASED PAYMENTS (continued)

	SERIES 1	SERIES 2
Dividend yield (%)	-	-
Expected volatility (%)	80	80
Risk-free interest rate (%)	2.02	2.02
Expected life of option (years)	1.83	2.58
Exercise price (cents)	20	20
Grant date share price (cents)	10	15

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of options granted were incorporated into the measurement of fair value.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options in existence during the year:

	2019 No.	2019 Weighted average exercise price	2018 No.	2018 Weighted average exercise price
Outstanding at the beginning of the year	1,750,000	0.20	-	-
Granted during the year	-	-	1,750,000	0.20
Exercised during the year	-	-	-	-
Lapsed during period	-	-	-	-
Outstanding at the end of the year	1,750,000	0.20	1,750,000	0.20
Exercisable at the end of the year	-	-	-	-

The outstanding balance as at 30 June 2019 is represented by 1,750,000 options over ordinary shares with a weighted average exercise price of \$0.20 each, exercisable upon vesting and until the relevant expiry dates.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2019 is 1.25 years (2018: 2.25 years).

The range of exercise prices for options outstanding at the end of the year is \$0.20 - \$0.20 (2018: \$0.20 - \$0.20).

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Other Assets	Total
	\$	\$	\$
Net carrying amount:			
Balance at 1 July 2017	-	2,569	2,569
Additions	66,764	2,453	69,217
Disposals	-	-	-
Depreciation	(7,614)	(1,700)	(9,314)
Balance at 30 June 2018	59,150	3,322	62,472

At 30 June 2018:

Cost	66,764	11,110	77,874
Accumulated depreciation	(7,614)	(7,788)	(15,402)
Net carrying amount	59,150	3,322	62,472

Net carrying amount:

Balance at 1 July 2018	59,150	3,322	62,472
Additions	22,773	-	22,773
Disposals	-	-	-
Depreciation	(24,164)	(1,300)	(25,464)
Balance at 30 June 2019	57,759	2,022	59,781

At 30 June 2019:

Cost	89,537	11,110	100,647
Accumulated depreciation	(31,778)	(9,088)	(40,866)
Net carrying amount	57,759	2,022	59,781

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2019	2018
	\$	\$
Balance at beginning of period	521,067	-
Equity-settled payments for acquisition of tenements	-	276,067
Cash payments for acquisition of tenements	-	245,000
Total deferred exploration and evaluation expenditure	521,067	521,067

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

NOTE 12: TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Trade and other payables	32,193	60,753

Trade payables are unsecured, non-interest bearing and are normally settled on 30-60 day terms.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 13: COMMITMENTS AND CONTINGENCIES

Exploration commitments

The Company has certain obligations to perform minimum exploration work and to spend minimum amounts on exploration tenements. The obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Company.

Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted.

Commitment contracted for at balance date but not recognised as liabilities are as follows:

	2019	2018
	\$	\$
Within one year	532,500	779,000

Capital commitments

There are no commitments contracted for at balance date but not recognised as liabilities at 30 June 2019 (2018: nil).

Contingent consideration liability

There were no contingent liabilities at the date of signing this report (2018: nil).

NOTE 14: PROVISIONS

	2019	2018
	\$	\$
Annual leave	46,325	49,164

NOTE 15: ISSUED CAPITAL AND RESERVES

	2019	2018
	\$	\$
Issued Capital		
72,818,789 Fully paid ordinary shares (30 June 2018: 72,818,789)	14,757,954	14,757,954

	Year to		Year to	
	30 June 2019		30 June 2018	
	Number	\$	Number	\$
<i>Movements in ordinary shares</i>				
Balance at beginning of year	72,818,789	14,757,954	61,068,789	16,405,862
Issue of fully paid ordinary shares at \$0.10 each	-	-	11,250,000	1,125,000
Issue of fully paid ordinary shares at \$0.15 each	-	-	500,000	75,000
Share issue costs	-	-	-	(99,812)
Return of capital to shareholders	-	-	-	(2,748,096)
Balance at end of year	72,818,789	14,757,954	72,818,789	14,757,954

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

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 15: ISSUED CAPITAL AND RESERVES (continued)

Nature and purpose of reserves

Share-based payments reserve

This reserve is used to record the value of option-settled payments paid to vendors for the acquisition of Projects.

	2019	2018
	\$	\$
Asset revaluation reserve ¹	-	196,078
Share-based payments reserve	76,067	76,067
	<u>76,067</u>	<u>272,145</u>

¹ The asset revaluation reserve was transferred to accumulated losses on initial application of AASB 9 (refer to Note 16).

NOTE 16: FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 30 June 2019 and 30 June 2018.

	Year to 30 June 2019 Fair value	Year to 30 June 2018 Fair value	Fair value hierarchy	Valuation technique
	\$	\$		
Equity investments designated at FVTPL	387,175	1,140,000	Level 1	Quoted market prices in an active market

The directors consider that the carrying amounts of current receivables, current payables and current borrowings are considered to be a reasonable approximation their fair values.

	30 June 2019 \$	30 June 2018 \$
<i>Movement in equity investments designated at FVTPL:</i>		
Opening balance	1,140,000	300,000
Additions	1,299,781	944,231
Fair value movement on FVTPL assets	161,699	189,759
Disposals	(2,214,305)	(293,990)
	<u>387,175</u>	<u>1,140,000</u>

Changes in fair value recognised in equity in earlier periods have been adjusted on initial application by transferring from the fair value reserve to accumulated losses as follows:

	Accumulated losses \$	Fair value reserve \$
Prior recognition of changes in fair value	196,078	(196,078)

If AASB 9 was adopted retrospectively, the prior period fair value reserve would have been recognised in profit or loss.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Capital risk management

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

The Group's overall strategy remains unchanged from 2018.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements.

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

At 30 June 2019, the Group had no borrowings.

	2019	2018
	\$	\$
Categories of financial instruments		
Financial assets		
Cash and cash equivalents	4,774,500	4,812,821
Trade and other receivables	23,687	31,469
Other financial assets	6,561	20,451
Equity investments designated at FVTPL	387,175	1,140,000
Financial liabilities		
Trade and other payables	32,193	60,753

Financial risk management objectives

The Group is exposed to, (i) market risk (which includes foreign currency exchange risk, interest rate risk, share price risk and commodity price risk), (ii) credit risk and (iii) liquidity risk.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rate. The Group does not enter into derivative financial instruments to manage its exposure to this risk.

Foreign currency risk management

The Group does not undertake any material transactions denominated in foreign currencies. All contracts are denominated in Australian dollars.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Interest rate risk sensitivity analysis

The Group is exposed to interest rate risk as it has cash at floating and fixed interest rates. The following tables summaries the sensitivity of the Company's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved by 1%, with all other variables held constant, post-tax loss and equity would have been affected as shown.

The analysis has been performed on the same basis for 2018 and 2017, and represents management's judgement of a reasonably possible movement.

30 June 2019	Interest Rate Risk		Interest Rate Risk	
	Carrying Amount	-1%	+1%	
	\$	Net Loss	Equity	Net Gain
		\$	\$	\$
				Equity
				\$
<i>Financial assets</i>				
Cash and cash equivalents	4,774,500	(47,745)	(47,745)	47,745
Trade and other receivables	23,687	-	-	-
Other financial assets	6,561	-	-	-
Equity investments designated at FVTPL	387,175	-	-	-
	5,191,923	(47,745)	(47,745)	47,745
<i>Financial liabilities</i>				
Trade and other payables	32,193	-	-	-

30 June 2018	Interest Rate Risk		Interest Rate Risk	
	Carrying Amount	-1%	+1%	
	\$	Net Loss	Equity	Net Gain
		\$	\$	\$
				Equity
				\$
<i>Financial assets</i>				
Cash and cash equivalents	4,812,821	(48,128)	(48,128)	48,128
Trade and other receivables	31,469	-	-	-
Other financial assets	20,451	-	-	-
<i>Available-for-sale financial assets carried at fair value</i>	1,140,000	-	-	-
	6,004,741	(48,128)	(48,128)	48,128
<i>Financial liabilities</i>				
Trade and other payables	60,753	-	-	-

None of the Company's trade and other receivables and trade and other payables are interest bearing (2018: nil).

Equity price risks

The Group is exposed to equity price risks arising from equity investment assets. All of the Group's investments are publicly traded. The Group's exposure to equity price risks at balance date is not material and no sensitivity analysis has been performed.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

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 reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table details the Company's and the Group's expected contractual maturity for its non-derivative financial liabilities.

	Less than 1 year \$	1 - 5 years \$	5+ years \$
2019			
Non-interest bearing	<u>32,193</u>	<u>-</u>	<u>-</u>
2018			
Non-interest bearing	<u>60,753</u>	<u>-</u>	<u>-</u>

NOTE 17: AUDITOR'S REMUNERATION

The auditor of the Group is HLB Mann Judd.

	2019 \$	2018 \$
<i>Auditor of the parent entity</i>		
Audit or review of the financial statements	28,156	26,000
<i>Other services</i>		
Taxation compliance	10,100	12,934
Other assurance services	-	9,500
	<u>38,256</u>	<u>48,434</u>

NOTE 18: RELATED PARTY DISCLOSURE

Subsidiary Entities

The consolidated financial statements include the financial statements of Santa Fe Minerals Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest	
		2019	2018
ATM One Pty Ltd ¹	Australia	-	100%
Transact Pty Ltd ¹	Australia	-	100%
Challa Resources Pty Ltd	Australia	100%	100%
Challa Minerals Pty Ltd	Australia	100%	100%

¹Both ATM One Pty Ltd and Transact Pty Ltd were dormant until they were de-registered on 14 October 2018.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 18: RELATED PARTY DISCLOSURE (continued)

Santa Fe Minerals Limited is the ultimate Australian parent entity and ultimate parent of the Group. Loans made by Santa Fe Minerals Limited to its wholly-owned subsidiaries are contributed to meet required expenditure payable on demand and are not interest bearing.

Transactions with other Related Parties

During the period, the Company paid \$8,667 (excluding GST) to a related entity of Mark Jones and Douglas Rose for rental of office premises (2018: \$14,300). The sub-lease agreement was terminated in February 2019. As at 30 June 2019, there is a nil balance outstanding.

NOTE 19: KEY MANAGEMENT PERSONNEL DISCLOSURES

The aggregate compensation paid to directors and other key management personnel of the Group is set out below:

	2019	2018
	\$	\$
Short-term employee benefits	226,250	259,203
Post-employment benefits	21,494	24,624
Share-based payments	-	-
	247,744	283,827

NOTE 20: PARENT ENTITY DISCLOSURES

	2019	2018
	\$	\$
<i>Financial position</i>		
Assets		
Current assets	4,797,433	4,826,651
Non-current assets	975,075	1,761,373
Total assets	5,772,508	6,588,024
Liabilities		
Current liabilities	78,255	109,661
Non-current liabilities	-	-
Total liabilities	78,255	109,661
Net assets	5,694,253	6,478,363
Equity		
Issued capital	14,757,954	14,757,954
Reserves	76,067	272,145
Accumulated losses	(9,139,768)	(8,551,736)
Total equity	5,694,253	6,478,363
<i>Financial performance</i>		
Loss for the year	(784,110)	(1,243,478)
Other comprehensive income	-	268,530
Total comprehensive loss	(784,110)	(974,948)

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

Significant events after balance date

There has been no matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report
Directors' Declaration

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

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



Mark Jones
Non-Executive Chairman

18 September 2019
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Santa Fe Minerals Limited

Report on the Audit of the Financial Report

Opinion

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

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

- a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of deferred exploration & evaluation expenditure Note 11 of the financial report	
In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> , the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition.	Our procedures included but were not limited to the following: ▪ We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest;

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of deferred exploration & evaluation expenditure Note 11 of the financial report	
Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group.	▪ We considered the Directors' assessment of potential indicators of impairment; ▪ We obtained evidence that the Group has current rights to tenure of its areas of interest; ▪ We examined the exploration budget for the year ending 30 June 2020 and discussed with management the nature of planned ongoing activities; and ▪ We examined the disclosures made in the financial report.

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

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

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

In our opinion, the Remuneration Report of Santa Fe 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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
18 September 2019



D I Buckley
Partner

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

ASX ADDITIONAL INFORMATION AT 12 SEPTEMBER 2019

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period can be found on the Company's website: <https://www.santafeminerals.com.au/about-us/corporate-governance>

B. SHAREHOLDING

1. Substantial Shareholders

The names of the substantial shareholders listed on the company's register:

Name	Units	%
OAKAJEE CORPORATION LTD	11,000,000	15.11
DOG MEAT PTY LTD	5,500,000	7.55
ASIAN STAR INVESTMENTS LTD	4,750,000	6.52
MALCORA PTY LTD	4,562,709	6.27
SUCCESS CONCEPT INVESTMENT LTD	4,500,000	6.18
MR GARRY WILLIAM THOMAS + MRS NANCY-LEE THOMAS <THOMAS FAMILY SUPER A/C>	4,260,000	5.85
PARABOLICA CAPITAL PTY LTD	3,969,748	5.45
Total	33,763,341	46.35%

2. Number of holders in each class of equity securities and the voting rights attached

There are 377 holders of ordinary shares. Each shareholder is entitled to one vote per share held. On a show of hands every shareholder 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.

There are 5 holders of options. Options for ordinary shares do not carry any voting rights. The unquoted securities of the Company are as follows:

- 1,250,000 Unlisted options (\$0.20, 30/09/2020) - escrowed until 22 November 2019
- 500,000 Unlisted options (\$0.20, 30/09/2020)

3. Distribution schedule of the number of ordinary holders

Size of Holding	No. of Holders	Shares Held
1 - 1,000	16	2,328
1,001 - 5,000	12	40,950
5,001 - 10,000	111	1,083,344
10,001 - 100,000	176	6,882,499
100,001 and over	62	64,809,668
Total	377	72,818,789

4. Marketable Parcel

There are 28 shareholders with less than a marketable parcel.

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

ASX ADDITIONAL INFORMATION AT 12 SEPTEMBER 2019

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds is as follows:

Rank	Name	Units	%
1	OAKAJEE CORPORATION LTD	11,000,000	15.11
2	DOG MEAT PTY LTD	5,500,000	7.55
3	ASIAN STAR INVESTMENTS LTD	4,750,000	6.52
4	MALCORA PTY LTD	4,562,709	6.27
5	SUCCESS CONCEPT INVESTMENT LTD	4,500,000	6.18
6	MR GARRY WILLIAM THOMAS + MRS NANCY-LEE THOMAS <THOMAS FAMILY SUPER A/C>	4,260,000	5.85
7	PARABOLICA CAPITAL PTY LTD	3,969,748	5.45
8	FALFARO INVESTMENTS LIMITED	3,132,005	4.3
9	MALCORA PTY LTD <C & C CENIVIVA A/C>	3,113,850	4.28
10	MR BJORN HERLUF JONSHAGEN + MS BEVERLEY VICKERS <B & B'S SUPER FUND A/C>	1,510,000	2.07
11	STEPHEN FREDERICK SCHMEDJE + MRS CORNELIA PETRA SCHMEDJE	1,020,000	1.4
12	MR JEFFREY MAXWELL JONES + MRS NARI FAY JONES <TzM SUPERANNUATION FUND A/C>	1,000,000	1.37
13	MRS MARISA MACKOW	941,321	1.29
14	C & C GIOVENCO PTY LTD <C & C GIOVENCO S/F A/C>	936,000	1.29
15	MR KIM MELDRUM	905,000	1.24
16	CORPORATE & RESOURCE CONSULTANTS PTY LTD	893,750	1.23
17	MR JEFFREY MAXWELL JONES <TzM A/C>	835,194	1.15
18	MR THOMAS MILENTIS	600,000	0.82
19	MR DOUGLAS JOHN ROSE	580,000	0.8
20	MR CESARE MICHAEL CENIVIVA <MARTINO FAMILY A/C>	573,344	0.79
	Total	54,582,921	74.96

Santa Fe Minerals Limited
30 June 2019 Annual Financial Report

ASX ADDITIONAL INFORMATION AT 12 SEPTEMBER 2019

C. OTHER DETAILS

1. *Company Secretary*

Krystel Kirou

2. *Address and telephone details of the Company's registered and administrative office*

Suite 1/9 Hampden Road
Nedlands WA 6009
Tel: +61 8 9386 8382

3. *Address and telephone details of the office at which a register of securities is kept*

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

Tel: +61 8 9389 8033
Fax: +61 8 9262 3723

4. *Stock exchange on which the Company's securities are quoted*

The Company's listed equity securities are quoted on the Australian Stock Exchange (ASX: SFM).

5. *Review of Operations*

A review of operations is contained in the Directors' Report.

6. *Consistency with business objectives*

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business activities.

7. *Interests in mining tenements as at the date of this report:*

Tenement	Holder ¹	Interest	Location	Status
E58/472	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/500	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/501	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/502	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/503	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/504	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/511	Challa Resources Pty Ltd	100%	Western Australia	Granted
E59/2124	Challa Resources Pty Ltd	100%	Western Australia	Granted
E59/2125	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/485	Challa Resources Pty Ltd	100%	Western Australia	Granted
E59/2257	Challa Minerals Pty Ltd	100%	Western Australia	Granted
E59/2259	Challa Minerals Pty Ltd	100%	Western Australia	Granted

¹Challa Resources Pty Ltd and Challa Minerals Pty Ltd are wholly owned subsidiaries of Santa Fe Minerals Limited.