Centennial Mining Limited

(Subject to Deed of Company Arrangement)

ABN: 50 149 308 921

Annual Report

30 June 2020

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Corporate Information

Centennial Mining Limited

ABN 50 149 308 921

Directors

Dale Rogers	–	Executive Chairman (*terminated 17 March 2020*)
Anthony Gray	–	Non-Executive Director

Company Secretary

Dennis Wilkins

Registered Office

C/- KordaMentha
Level 10, 40 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9220 9333

Principal Place of Business

A1 Gold Mine
Woods Point Road
MANSFIELD VIC 3722
Telephone: +61 3 5777 8125

Website

www.centennialmining.com

Share Registry

Security Transfer Australia Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone 1300 992 916
Facsimile +61 8 9315 2233

Bankers

Macquarie Bank Limited
101 Collins Street
MELBOURNE VIC 3000

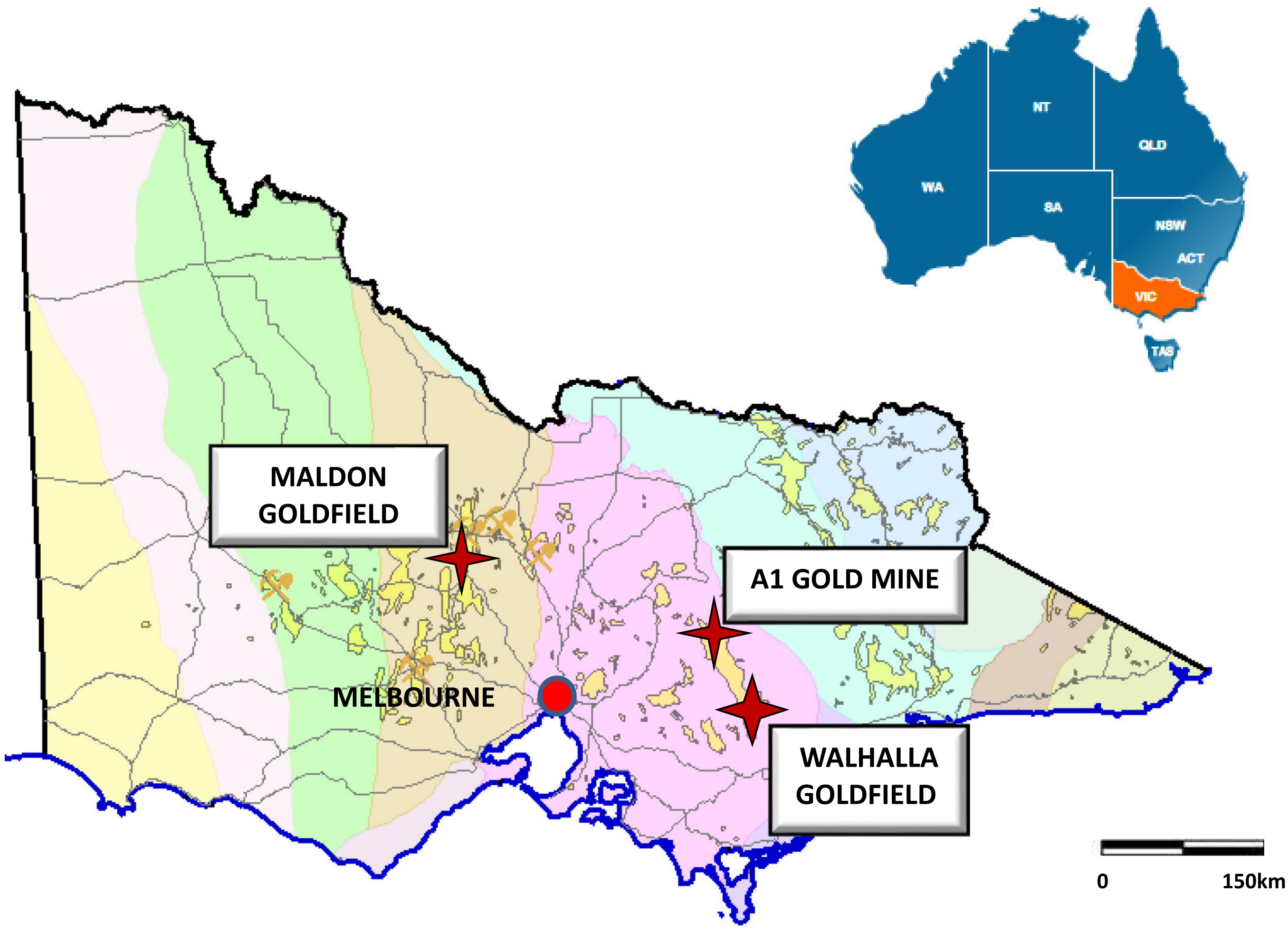
Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Review of Operations

Centennial Mining Limited (Subject to Deed of Company Arrangement[1]) is an emerging junior gold producer that is developing and producing from the A1 Underground Gold Mine near Woods Point and Union Hill Underground Mine at Maldon in Victoria. Mined ore is trucked to the Company's Porcupine Flat CIL gold processing facility, near Maldon.

Location of Projects



Centennial is pleased to report its activities for the year ended 30 June 2020.

[1] Named throughout this report as either Centennial Mining Limited, or the Company

Year in Review

FY 2020 saw a continuation of the ‘limited mining’ strategy implemented on the Company entering Voluntary Administration (VA) in March 2019. Throughout FY 2020, production continued primarily from the 1320 and 1310 levels using hand held methods. A major portion of the production was from remnant mining around old workings.

No mine capital development was completed during FY 2020 other than what was required for immediate access to identified mining blocks in an around old workings. Some diamond drilling was done to provide greater confidence for potential investors as the Company continued on acceptance by the creditors of a Deed of Company Arrangement (DoCA). The diamond drilling focussed on expanding the Queens ore block delineation and identifying ore sources around the 1320 level.

With an increased gold price and changed mining methods, focusing on higher grade hand held production, much needed capital was invested in the process plant. The entire elution circuit was replaced including boiler, heat exchanger, column and piping. Considerable maintenance work in other parts of the process plant included the replacement of the pinion, girth gear linishing, a small TSF lift, and structural steel repairs through the plant.

A positive cashflow also allowed for considerable ground support installation in the primary development at A1 Mine. Union Hill mine remained on care and maintenance for the period although 200t of ore was extracted during Q4.

A total of 24,145 (wet) tonnes of ore from A1 Gold Mine were treated at the Company’s Porcupine Flat Gold Processing Plant at Maldon in Central Victoria, producing a total of 8,089 ounces of gold with an average grade of 10.92 g/t Au.

A total of 860m of diamond drilling was completed which comprised 237m of LTK60 diameter Kempe drilling and 623m of NQ-2 drilling. These programs comprised grade control definition, targeted structural and infrastructure service holes. These drilling programs informed short and longer term mining plans.

Summary of tenements

Tenement	Equity	Status	Company
Woodspoint - Walhalla Goldfield (Victoria)			
MIN5294	100%	Granted	A1 Consolidated Gold Ltd
Maldon Goldfield (Victoria)			
MIN5146	100%	Granted	Maldon Resources Pty Ltd
MIN5528	100%	Granted	Maldon Resources Pty Ltd
MIN5529	100%	Granted	Maldon Resources Pty Ltd

Governance Arrangements & Internal Controls

Centennial Mining Limited maintains an internally audited drilling database for all projects at its A1 Gold Operation and Maldon Gold Operations that is backed up on a regular basis. Company geologists are responsible for collecting drilling data and entering it into the drilling database and the Exploration Manager is responsible for the auditing and integrity of the drilling database.

Interpretation of drilling data is supported by detailed surface geological mapping, open pit mine mapping, and underground mine mapping.

Directors' Report

The Deed Administrators submit the annual financial report of the Group consisting of Centennial Mining Limited (**"Centennial"** or "**Company"**) and the entities it controlled for the financial year ended 30 June 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows:

Dale Rogers (Executive Chairman) – *terminated 17 March 2020*:

BEng (Hons)

Mr Rogers is a mining engineer with over 30 years' experience in the industry and a strong operating and technical background, having experience in operations management, project development and start-ups, project optimisation, improvement programmes and organisational development. His working experience includes operational roles from underground miner to operations manager level in the gold industry being responsible, at one time, for management through to profit and loss of gold operations encompassing three operating mills, processing a combined total of +4 million tonnes per annum, and being fed by three underground and five open cut gold mines.

Mr Rogers has been responsible for the commencement and development of half a dozen underground mines and a similar number of open cut mines in Australia and overseas.

In addition to his operational experience, he has managed scoping and bankable feasibility studies and subsequently been responsible for financing, construction and development of several projects. Mr Rogers also has experience in debt and equity raising, toll treatment agreements, negotiating off-take agreements and mezzanine financing, IPO's, risk management, shareholder and stakeholder relations, government liaison and project approvals, negotiation of development, finance and taxation agreements, mergers, takeovers, acquisitions and divestments, joint ventures and valuations. Mr Rogers is a member of the Group's audit committee.

Mr Rogers was Managing Director of a junior resources Company when it went from a market capitalisation of $40m to just under $1.0bn over a period of four years. He was the founding Chairman of Primary Gold Limited and Phoenix Gold Limited, acquired by Evolution Mining in 2016.

Directorships held in other listed entities during the last three years:

Formerly a director and Chairman of Primary Gold Ltd and Phoenix Gold Ltd.

Anthony Gray (Non-Executive Director):

BSc (Hons) Geology MAIG

Mr Anthony Gray is a geologist with over 20 years' experience working in the public and private sectors of the Australian mining industry. His experience ranges across mineral exploration, investment analysis, project and corporate transactions, mine development and fundraising.

During his career Mt Gray has explored for greenstone and slate belt hosted orogenic gold deposits, nickel sulphide and laterite deposits, and porphyry copper-gold deposits. He is a member of the Australian Institute of Geoscientists and a Competent Person, as defined by the JORC Code 2012, for the reporting of Exploration Results and Mineral Resources for a number of styles of gold and base metal deposit. Mr Gray is a member of the Group's audit committee.

Directorships held in other listed entities in the last three years:

Formerly the Managing Director of Octagonal Resources Ltd.

Company Secretary

Dennis Wilkins

B.Bus ACIS, AGIA

Mr Dennis Wilkins is an accountant who has been a director, company secretary or acted in a corporate advisory capacity to listed resource companies for over 20 years. Mr Wilkins previously served as the Finance Director and Company Secretary for a mid-tier gold producer and also spent five years working for a leading merchant bank in the United Kingdom. Resource postings to Indonesia, South Africa and New Zealand in managerial roles has broadened his international experience. Mr Wilkins has extensive experience in capital raising specifically for the resources industry and is the principal of DW Corporate which provides advisory, funding and administrative management services to the resource sector. He is a former director of the Company from 24 November 2014 to 11 May 2015.

Interests in the securities of the Company and related bodies corporate

The following relevant interests in securities of the Company or a related body corporate were held by the directors or their immediate family as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of convertible notes
Anthony Gray	1,895,090	Nil	Nil

Principal Activities

The principal activities of the Company during the year were gold exploration, development and production mining activities within central and eastern Victoria.

Dividends

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

Operating Results for the Year

The operating loss after income tax of the Company for the year ended 30 June 2020 was $8,543,945 (2019: $33,360,733). Summarised operating results are as follows:

	2020		2019	
	Revenue	Results	Revenue	Results
Revenues and (loss) after income tax expense	$18,337,728	$(8,543,945)	$22,238,045	$(33,360,733)

Voluntary administration and deed administration

Details surrounding the appointment of Voluntary Administrators and Deed Administrators of the subsequent deeds of company arrangements ('DoCAs') are provided below.

Appointment of voluntary administrators

On 21 March 2019, Richard Tucker, John Bumbak and Leanne Chesser were appointed as the joint and several Voluntary Administrators of the Company and its fully owned subsidiary, Maldon Resources Pty Ltd (both known as 'the Group') ('Voluntary Administrators') and assumed control of the Group's operations.

Upon their appointment, the Voluntary Administrators immediately reviewed the Group's operations in order to ascertain whether they should:

- continue to trade the Group on a business as usual basis;
- modify the manner in which the Group's businesses operated, by undertaking a selective/limited mining program; or
- cease trading the Group's businesses, shutting down the mine and undertaking a care and maintenance program.

The result of the Voluntary Administrators' review was that the limited mining program over 14 weeks provided the lowest net funding requirement (as it allowed for revenue to be generated from gold sales) – ($0.17 million surplus) when compared to the forecast trading loss on a care and maintenance basis over 14 weeks of a $1.06 million trading loss and allowed the Group's assets to be preserved to maximise the value of its assets.

First DoCA

At meetings of creditors held on 17 May 2019, the Group's creditors resolved that Avior Consulting Pty Ltd's ('Avior') DoCA proposal received on 1 May 2019 be accepted and the Group enter into a DoCA ('First DoCA'). The Voluntary Administrators became the Deed Administrators ('Deed Administrators').

On 7 June 2019, the First DoCA was executed by the Deed Administrators and Avior. A detailed overview of the First DoCA is included in the Voluntary Administrators' Report dated 10 May 2019 For reference, a high-level overview is as follows:

New money of $8.5 million would be raised via a capital raising with $3.85 million of this being made available to the Creditors' Trust and $4.65 million available for future working capital of the Group.

Employee entitlements for continuing employees of the Group would be preserved in full and employee entitlements for employees whose employment had been terminated was expected to be paid in full.

Creditors would be dealt with in separate classes.

Varied DoCA

On 8 July 2019 the Deed Administrators received correspondence from Avior advising that it was their opinion that the First DoCA could not be completed due to an inability to raise the capital under the terms of the First DoCA and as such a variation would be required. Avior required an alternate method to raise capital due to unforeseen external economic conditions, including but not limited to:

- An introduction of royalties on gold production charged by the Victorian State Government in January 2020;
- Various high-profile trading issues in the Australian gold sector; and
- Introduction of a new DoCA contributor.

On 16 August 2019 a varied DoCA proposal was received from Avior ('Varied DoCA Proposal'). As a result of the material nature of the variations to the First DoCA, creditor approval was required. Accordingly, the Deed Administrators convened meetings of creditors on 27 August 2019 where the creditors resolved that Avior's Varied DoCA Proposal be accepted and the Group enter into the DoCA ('Varied DoCA'). The Deed Administrators remained the Deed Administrators.

The Varied DoCA was executed on 27 September 2019 by the Deed Administrators and Avior.

An overview of the Varied DoCA is as follows:

New money of $5.65 million to be raised via capital raisings by Centennial ($1.25 million) and Austar ($4.4 million). $3.65 million of this raising would be made available to the Creditors' Trust of which $1.4 million would be paid to creditors in full and final settlement of their claims and $2.25 million made available for the Voluntary Administrators' and Deed Administrators' trading costs, fees/disbursements and legal costs. Austar would retain $2.0 million of cash.

Court approval under section 444GA of the Corporations Act 2001 ('Act') would be required to transfer the shares from current Centennial shareholders to participating creditors as per the terms of the Varied DoCA.

Prior to effectuation of the Varied DoCA, the Group and Austar Gold Limited ('Austar') would agree terms for a merger/acquisition transaction whereby the new Centennial shareholders (post the 444GA application and distribution from the Creditors' Trust) would receive Austar shares in consideration for their Centennial holding.

Employee entitlements for continuing employees of the Group would be preserved in full and employee entitlements for employees whose employment had been terminated were expected to be paid in full.

Creditors would be dealt with in separate classes.

Amended Varied DoCA

On 21 October 2019, the Deed Administrators received correspondence from Avior advising that it was their opinion that the Varied DoCA was required to be amended further due to:

- The reduction in gold revenue produced in the period 1 August 2019 to 23 September 2019;
- The requirement for the Deed Administrators to draw down Mining Lending Pty Ltd's ('Mining Lending') facility by a further $0.50 million to allow the Deed Administrators to continue operations;
- Mining Lending's shareholding in Austar post the effectuation of the Varied DoCA needing to be increased to take into consideration the additional lending;
- The Deed Administrators forming the view post the directions' hearing of 1 October 2019:
  - to terminate the options held to acquire shares in Centennial;
  - allow parties who held options to acquire shares in Centennial to be admitted as a contingent creditor of Centennial and to vote at a meeting of creditors in relation to a resolution that the company enter an amended Varied DoCA; and
  - Avior's decision to allow surplus cash to remain in the Group (after adjusting for legal fees relating to the merger and any costs incurred by the Deed Administrators).

In addition:

- The Deed Administrators formed a view post the directions' hearing of 25 October 2019 that creditors should be provided 10 clear business days' notice of the creditors' meetings in accordance with the Act; and
- There was a subsequent unexpected increase in gold production in the period 1 October 2019 to 29 October 2019.

Avior consequently provided a proposal to amend the Varied DoCA ('Amended Varied DoCA') to the Deed Administrators on 28 October 2019.

The Amended Varied DoCA was approved at meetings of creditors held on 15 November 2019 and the Amended Varied DoCA was subsequently executed on 20 November 2019.

A further extension for the effectuation of the Amended Varied DoCA to 24 January 2020 was approved between Avior and the Deed Administrators on 12 December 2019, to allow for Austar to complete its capital raisings, as Austar raising up to $4.4 million in capital was a condition precedent to the Amended Varied DoCA, and $2.4 million of this capital was to be contributed to the Amended Varied DoCA.

On 11 January 2020, Mining Lending entered into an agreement to assign its debt to Austar.

The Deed Administrators consented to the assignment of the debt subject to a further DoCA being submitted and:

- receiving a bank guarantee/cash for $0.3 million to fund trading costs and operations to the next creditors' meetings by 17 January 2020;
- further support being provided by Austar to fund trading costs and operations between the creditors' meetings and effectuation of any revised DoCA approved by creditors; and
- drawing of their remuneration approved by creditors and costs (including legal costs) from the cash generated by the Group's operations.

This assignment of debt to Austar did not complete due to:

- issues arising between Austar and Mining Lending in relation to the assignment of the debt; and
- Austar not complying with the terms of the assignment, by failing to provide the bank guarantee/cash to fund the Deed Administrators' trading and operational costs by 17 January 2020 or at all.

For the reasons detailed above, the Amended Varied DoCA could no longer be effectuated.

Oldfield DoCA

Execution

On 21 January 2020, a DoCA proposal was received from Oldfield Investments Pty Ltd atf Oldfield Family Trust No 3 ('Oldfield Investments') to further vary the Amended Vary DoCA ('Oldfield DoCA'). One of the conditions precedent to the Oldfield DoCA proposal was the acceptance by the Deed Administrators of a loan agreement with Oldfield Investments to refinance the Mining Lending facility in full. The Deed Administrators entered into a loan agreement on 20 January 2020 with Oldfield Investments and Mining Lending's debt was refinanced in full on 22 January 2020 with Oldfield Investments becoming a secured creditor of the Group.

The Oldfield DoCA was approved by creditors at meetings held on 12 February 2020. However, on 26 February 2020 Gandel Metals Pty Ltd ('Gandel') re-enlivened the proceedings in the Federal Court of Australia vid 688 of 2019 in relation to whether Gandel held security over the Group or its assets ('Gandel Proceedings'). Oldfield Investments agreed with Gandel that the DoCA would be amended by way of

Court Order honouring Gandel's pre voluntary administration loans to the Group to enable employee entitlements to be paid, which has a statutory priority pursuant to section 560 of the Act.

On 28 February 2020, the Oldfield DoCA was executed between the Group, Oldfield Investments and the Deed Administrators.

Overview

A detailed overview of the Oldfield DoCA is included in the Deed Administrators' supplementary report to creditors dated 28 January 2020. A high-level overview of the provisions of the Oldfield DoCA is as follows:

Three DoCA contributions being made into the Creditors' Trust as follows:

- $2.01 million on effectuation of the Oldfield DoCA. This contribution was increased to $2.36 million after it was determined to honour the section 560 loans provided by Gandel to the Group;
- $0.94 million by 31 December 2021 subject to the Group's working capital position being above $2.5 million at 30 June 2021 (i.e. conditional distribution); and
- $0.94 million by 31 December 2022 subject to the Group's working capital position being above $2.5 million at 30 June 2022 (i.e. conditional distribution)
- The following Centennial secured creditors:
  - Montlodge Pty Ltd atf Stanley Family Trust;
  - Bendan Superannuation Pty Ltd atf Crooks Superannuation Fund; and
  - Langsung Pty Ltd atf Langsung Superannuation Fund ('Secured Creditors')

  being provided 10% of the issued shares in Centennial
- Oldfield Investments receiving 90% of the issued shares in Centennial pursuant to a section 444GA Court application and section 606 consent from ASIC;
- Gandel being treated as an unsecured creditor; and
- Creditors being dealt with in separate classes.

Oldfield DoCA extensions

The Oldfield DoCA was extended three times from the original completion date of 31 March 2020.

The first extension was to 30 June 2020 to allow the Gandel Proceedings to be determined. The second to 30 September 2020 to allow the appeal to the Gandel Proceedings to be determined. The third extension to 31 December 2020 was to allow the appeal to the Gandel Decision to be heard and subsequent decision to be handed down.

Ability to complete

The Deed Administrators had concerns that the Oldfield DoCA would be unable to be effectuated due to a number of factors, including:

- Secured Creditors (excluding Gandel) stated that they were not supportive of receiving equity in accordance with the Oldfield DoCA and would not release their security over Centennial at effectuation, being a condition to the Oldfield DoCA;
- the Court decision in the Gandel Proceedings that Gandel holds security over the A1 Mine (the Oldfield DoCA treated Gandel as an unsecured creditor);
- both Oldfield and Gandel indicating they would appeal to the High Court if they were unsuccessful in relation to the Gandel Decision which would cause further delays and risks to the trading operations; and
- that the second distribution to creditors (whilst always contingent) would not proceed given the estimated timeline to complete the Oldfield DoCA given that the Gandel Proceedings were appealed

Matters Subsequent to the End of the Financial Year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Sale of Debt

Oldfield Investments, with the consent of the Deed Administrators, sold its debt and the secured debt it bought from Langsung Pty Ltd atf Langsung Superannuation Fund, to Golden River Resources Pty Ltd on 23 September 2020. The purchase of the Oldfield Investments' debt was a condition of the DoCA proposed by Golden River Resources Pty Ltd ('GRR'), which was a variation (detailed further below). The sale of debt occurred to enable the GRR to be the 100% owner of the shares in the Group subject to effectuation of the DoCA. The terms of the sale of Oldfield Investments' debt are confidential. As a result of the debt trade, Oldfield Investments dismissed the injunction hearing and the appeal to the Gandel Proceedings.

GRR DoCA

Overview

On 17 September 2020, GRR submitted a proposed variation to the Oldfield DoCA. The key terms of the GRR DoCA are summarised below:

- GRR will make available cash of $13.5 million which will be used to pay the Oldfield Investments, Secured Creditors, Gandel, and priority creditors and unsecured creditors through a Creditors' Trust and the Deed Administrator for their trading costs and fees. The Deed Administrators have received evidence that $13.5 million has been paid into a solicitors' trust account
- GRR will either refinance or acquire the Oldfield Investment's debt in full and repay the Langsung Debt – this has been completed
- GRR will assume liabilities which will not be transferred to the Creditors Trust including employee entitlements owing to employees who continue with the Group post completion of the GRR DoCA and Environmental Bonding
- the Deed Administrator convened a meeting of the Company's creditors on 13 October 2020 where the creditors approved the GRR DoCA
- an order was obtained from the Court pursuant to section 444GA of the Act and consent was obtained from ASIC for relief pursuant to section 606 of the Act to transfer the existing Centennial shares from shareholders to GRR
- termination of Centennial's Options (which has already occurred)
- intercompany creditors will not participate in the distribution from the Creditors' Trust
- creditors are dealt with in separate classes as follows:

	Cents in the dollar of claim
Date contribution crystallised	**Effectuation of DoCA**
Estimated timing of payment to creditors	6 April 2021
Return to creditors	Cash – single payment
Payment outside of Creditors Trust	
Gandel inc section 560 Loans, costs, secured and unsecured loans	78.1
Bendan & Montlodge – Secured and unsecured debt	74.5
Payment as part of creditors' trust	
Class A – superannuation and wages	100.0
Class B – employee entitlements for terminated employees	100.0
Class C – Dale Rogers	18.9
Class D – All unsecured creditors, excluding class C, E, & F	19.9
Class E – creditors owed less than $5k	89.4
Class F – ATO	7.3

- GRR will continue as a secured creditor for the full amount of its debt and continue to hold its security over the Companies until effectuation of its DoCA at which time its debt will either be forgiven or converted into Centennial shares;
- the completion of a transaction between GRR and an ASX listed entity (ListCo) for the acquisition by ListCo of a 100% equity interest in GRR (ListCo Transaction) (which condition may be waived by GRR);
- the appeal proceedings in relation to Gandel Metals' claim as a secured creditor was discontinued;
- the Secured Creditors consenting to release their security at settlement; and
- sunset date of 31 December 2020 or such later date as agreed between the Deed Administrator an GRR

Current Position

An updated position for the completion of the GRR DoCA is as follows:

Condition Precedent	Status
The Companies' creditors approve the DoCA at a meeting of their creditors	Completed
The Deed Administrators applying to Court for leave pursuant to section 444GA of the Act and to ASIC for relief from the prohibitions in section 606 of the Act;	Completed
GRR making $13.5 million available to the Deed Administrators, less any amounts already paid (which as at today's date is the amount paid to Oldfield to refinance the Oldfield Loan);	Ongoing
Payment of the Cash Contribution by the Deed Administrators into the Creditors' Trust, together with the other available property being transferred into Creditors' Trust, which includes debtors as at the date of effectuation and unsold gold / proceeds from the unsold gold produced on the last Wednesday prior to effectuation and any residual cash less the Deed Administrators' fees, remuneration and expenses;	At effectuation
Deeds of release being entered into with the Secured Creditors and Dale Rogers, whereby those parties release all of their rights, title and claims they may have against the Group and the Deed Administrators and agree to release their security;	Ongoing
Payment of $2.85 million being made to Gandel Parties in full and final settlement of all their debts including the section 560 loan, unsecured loan, costs, secured loan to the Group and the Gandel Parties releasing their security over the Group;	At effectuation
Payment of $1.14 million being made to Montlodge (and its related party) and payment of $191,000 being made to Bendan in full and final settlement of all their debts including unsecured debt and their secured loan to the Group and Bendan and Montlodge (and its related party) releasing their security over the Group;	At effectuation
The Deed Administrators will remove and appoint new directors to Centennial's board of directors as instructed by GRR;	At effectuation
The completion of a transaction between GRR and Kaiser for the acquisition by Kaiser of a 100% equity interest in GRR, which may be waived by GRR;	Ongoing
GRR doing all things necessary to release its security interest against the Group and doing all things necessary to release and remove any registrations against the Group in favour of Oldfield and Langsung;	At effectuation
GRR informing the Deed Administrators as to whether GRR will forgive the Oldfield and Langsung debt refinanced by GRR or convert that debt into Centennial's shares;	At effectuation
The execution of a Creditors' Trust Deed and establishment of the Creditors' Trust	At effectuation

Acquisition by Kaiser Reef Limited

On 1 October 2020 GRR entered into a binding conditional option agreement with Kaiser Reef Limited ('Kaiser'), pursuant to which Kaiser have been granted an exclusive right to acquire 100% of the issued capital of the GRR ('Kaiser transaction'). In turn, subject to the effectuation of the Deed of Company Arrangement ('DoCa'), GRR will hold 100% of the issued capital of the Group (Centennial Mining Ltd). The Kaiser transaction is conditional upon Kaiser obtaining all necessary regulatory and shareholder approval required, including satisfying all ASX requirements for the reinstatement to the official listing of KAU shares on the ASX.

The key terms of the Kaiser transaction is that Kaiser will issue 53,333,353 shares at a deemed issue price of $0.30 per share for a total deemed consideration of $16,000,000, which will be issued pro rata to all of the shareholders of GRR based on their respective interest.

Conditions precedent to the transaction are as follows:

- Kaiser obtaining all necessary regulatory and shareholder approval required, including satisfying all ASX requirements for the reinstatement to the official listing of KAU shares on the ASX;
- Effectuation of the Centennial DoCa such that GRR has acquired 100% of the issued capital of the Group; and
- Kaiser receiving valid binding and irrevocable applications for not less than $5,000,000 pursuant to a capital raising for the issue of 16,666,667 fully paid ordinary shares at an issue price of $0.30 per share.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Deed Administrators believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Legislation

The Company's operations must be conducted in accordance with the Mineral Resources (Sustainable Development) Act 1990 (MRSDA). To the best of the Deed Administrators' knowledge, the Company has complied with the MRSDA.

As part of the process for obtaining a Registered Mine Plan under the MRSDA, there is a section on Environmental Management which requires the following matters to be addressed:

- cultural heritage management;
- surface and groundwater management;
- air blast and vibration;
- noise;
- dust;
- waste management;
- recording of data; and
- monitoring programme.

The Company has complied with all of the abovementioned requirements in accordance with the Registered Mine Plan.

Indemnification and Insurance of Deed Administrators and Officers

The Company has agreed, by entering into deeds of access, indemnity and insurance with each of the Deed Administrators and the Company Secretary, to indemnify all the Deed Administrators of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Deed Administrators of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During or since the financial year, the company has paid premiums insuring all the Deed Administrators and the Company Secretary of Centennial Mining Limited against costs incurred in defending proceedings for conduct involving:

a) a wilful breach of duty; or
b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001.

Directors' Meetings

As the Company was entered into voluntary administration on 21 March 2019, no Directors' meetings were held during the 2020 financial year.

Proceedings on behalf of the Company

There were no proceedings on behalf of the Company.

Non-Audit Services

There were no non-audit services provided by the Company's auditor, BDO Audit (WA) Pty Ltd, or associated entities during the year.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the Deed Administrators of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 53 and forms part of this Deed Administrators' Report for the year ended 30 June 2020.

Auditor

BDO Audit (WA) Pty Ltd continues in office as auditors in accordance with section 327 of the Corporations Act 2001.

Shares under option

As at 30 June 2020 there were no unissued ordinary shares in respect of which options were outstanding. On 7 October 2019, all options outstanding were cancelled.

	Number of options
Balance at the beginning of the year	383,057,631
Movements of share options during the year:	
7 October 2019, cancellation of all outstanding options in issue by KordaMentha as administrators of the Company.	(383,057,631)
Total number of options outstanding as at 30 June 2020	**Nil**

No person entitled to exercise any option referred to above have or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

There have been no ordinary shares issued by the Company during or since the end of the financial period as a result of the exercise of an option.

This report is made in accordance with a resolution of the Administrators (acting in their capacity as Joint and Several Deed Administrators of the Company and each of its wholly-owned subsidiaries).

Richard Tucker

Deed Administrator

c/ - KordaMentha

Perth, Western Australia

4 December 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
Revenue	2(a)	18,337,728	22,238,045
Other income	2(a)	62,640	262,835
Mine operating expenses	2(b)	(18,681,593)	(27,232,766)
Impairment of development assets, property, plant and equipment, exploration and evaluation assets	2(b) / 8 / 9 / 10	-	(23,919,915)
Professional fees		(5,900,433)	(1,355,111)
Personnel costs		-	(1,100,275)
Finance costs	2(b)	(2,246,357)	(677,280)
General and administrative costs		(294,075)	(919,083)
Other gains		178,144	244,780
Share based payment expense	16	-	(901,963)
Loss before income tax expense		**(8,543,946)**	**(33,360,733)**
Income tax benefit	3	-	-
Net loss for the year		**(8,543,946)**	**(33,360,733)**
Other comprehensive income for the year net of tax		-	-
Total comprehensive loss for the year		**(8,543,946)**	**(33,360,733)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
Assets			
Current Assets			
Cash and cash equivalents	4	1,935,776	1,746,426
Trade and other receivables	5	11,687	11,687
Inventories	6	784,279	454,088
Other current assets	7	107,893	6,540
Total Current Assets		**2,839,635**	**2,218,741**
Non-Current Assets			
Property, plant and equipment	8	1,654,851	2,698,749
Exploration and evaluation assets	9	250,000	600,000
Development assets	10	4,925,172	6,380,000
Other non-current assets	7	857,000	877,000
Total Non-Current Assets		**7,687,023**	**10,555,749**
Total Assets		**10,526,658**	**12,774,490**
Liabilities			
Current Liabilities			
Trade and other payables	11	13,173,811	10,969,871
Borrowings	12	10,213,654	6,051,441
Provisions	13	369,515	389,554
Total Current Liabilities		**23,756,980**	**17,410,866**
Non-Current Liabilities			
Provisions	13	1,128,178	1,178,178
Total Non-Current Liabilities		**1,128,178**	**1,178,178**
Total Liabilities		**24,885,158**	**18,589,044**
Net Liabilities		**(14,358,500)**	**(5,814,554)**
Equity			
Issued capital	14	51,991,717	51,991,717
Reserves	15	-	4,651,823
Accumulated losses		(66,350,217)	(62,458,094)
Total Equity		**(14,358,500)**	**(5,814,554)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Issued Capital $	Convertible Note Reserve $	Share-Based Payments Reserve $
Balance as at 1 July 2019		51,991,717	-	4,651,823
Total comprehensive loss for the year		-	-	-
Transfer of equity component of lapsed and cancelled options to retained earnings	16	-	-	(4,651,823)
Balance at 30 June 2020		**51,991,717**	**-**	**-**
Balance as at 1 July 2018		51,991,717	66,854	5,968,420
Total comprehensive loss for the year		-	-	-
Transfer of equity component convertible note to retained earnings on repayment		-	(66,854)	-
Share based payment expense	16	-	-	901,963
Transfer of equity component of lapsed options to retained earnings	16	-	-	(2,218,560)
Balance at 30 June 2019		**51,991,717**	**-**	**4,651,823**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated 2020 $	2019 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		18,337,728	22,238,045
Payments to suppliers and employees		(18,421,673)	(23,596,401)
Interest received		14,726	16,781
Government grants received		43,734	-
Finance costs		(35,250)	(83,747)
Net cash used in operating activities	4(ii)	**(60,735)**	**(1,425,322)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(705,555)	(108,412)
Proceeds from non-current assets		-	283,374
Proceeds from disposal of subsidiary		498,144	-
Net cash (used in) / provided by investing activities		**(207,411)**	**174,962**
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings	4(ii)	700,000	3,433,900
Repayment of borrowings		(242,504)	(837,303)
Net cash provided by financing activities		**457,496**	**2,596,597**
Net increase in cash and cash equivalents		189,350	1,346,237
Cash and cash equivalents at beginning of year		1,746,426	400,189
Cash and cash equivalents at end of year	4(i)	**1,935,776**	**1,746,426**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated 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 periods presented unless otherwise stated. The financial statements are for the Group consisting of Centennial Mining Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services. Assets have been valued at the expected net returns on a distressed sale basis.

The financial statements are presented in Australian dollars.

The company is an unlisted public company, incorporated in Australia and operating in the state of Victoria. The entity's principal activity is the mining and development of gold bearing ore and the processing of mined gold ore, within central and eastern Victoria.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group had a working capital deficiency of $20,917,345 at 30 June 2020 and incurred a loss for the year of $8,543,946. The net cash outflow from operating and investing activities was $268,146. At 30 June 2020 the Group had cash and cash equivalents of $1,935,776.

On 21 March 2019, Richard Tucker, John Bumbak and Leanne Chesser were appointed as the joint and several voluntary administrators of the Group ('Voluntary Administrators') and assumed control of the Group's operations.

Upon their appointment, the Voluntary Administrators immediately reviewed the Group's operations in order to ascertain whether they should:

- Continue to trade the Group on a business as usual basis;
- Modify the manner in which the Group's businesses operated, by undertaking a selective/limited mining program; or
- Cease trading the Group's businesses, shutting down the mine and undertaking a care and maintenance program.

The result of the Voluntary Administrators' review was that the limited mining program over 14 weeks provided the lowest net funding requirement (as it allowed for revenue to be generated from gold sales) – ($0.17 million surplus) when compared to the forecast trading loss on a care and maintenance basis over 14 weeks of a $1.06 million trading loss and allowed the Group's assets to be preserved to maximise the value of its assets.

At meetings of creditors held on 17 May 2019, the Group's creditors resolved that Avior Consulting Pty Ltd's ('**Avior**') DoCA proposal received on 1 May 2019 be accepted and the Group enter into a DoCA ('**First DoCA**'). The Voluntary Administrators became the deed administrators ('**Deed Administrators**').

On 7 June 2019, the First DoCA was executed by the Deed Administrators and Avior. A detailed overview of the First DoCA is included in the Voluntary Administrators' Report dated 10 May 2019, and a high-level overview is detailed in note 21.

On 8 July 2019 the Deed Administrators received correspondence from Avior advising that it was their opinion that the First DoCA could not be completed due to an inability to raise the capital under the terms of the First DoCA and as such a variation would be required. Avior required an alternate method to raise capital due to unforeseen external economic conditions, including but not limited to:

- An introduction of royalties on gold production charged by the Victorian State Government in January 2020.
- Various high-profile trading issues in the Australia gold sector.
- Introduction of a new DoCA contributor.

On 16 August 2019 a varied DoCA proposal was received from Avior ('Varied DoCA Proposal'). As a result of the material nature of the variations to the First DoCA, creditor approval was required. Accordingly, the Deed Administrators convened meetings of creditors on 27 August 2019 where the creditors resolved that Avior's Varied DoCA Proposal be accepted and the Group enter into the DoCA ('Varied DoCA'). The Deed Administrators remained the Deed Administrators.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation (continued)

The Varied DoCA was executed on 27 September 2019 by the Deed Administrators and Avior. An overview is detailed in note 21. On 21 October 2019, the Deed Administrators received correspondence from Avior advising that it was their opinion that the Varied DoCA was required to be amended further. Avior consequently provided a proposal to amend the Varied DoCA to the Deed Administrators of 28 October 2019.

The Amended Varied DoCA was approved at a meeting of creditors held on 15 November 2019 and the Amended Varied DoCA was subsequently executed on 20 November 2019.

A further extension for the effectuation of the Amended Varied DoCA to 24 January 2020 was approved between Avior and the Deed Administrators on 12 December 2019, to allow for Austar to complete its capital raisings, as Austar raising up to $4.4 million in capital was a condition precedent to the Amended Varied DoCA, and $2.4 million of this capital was to be contributed to the Amended Varied DoCA.

On 11 January 2020, Mining Lending entered into an agreement to assign its debt to Austar.

On 21 January 2020, a DoCA proposal was received from Oldfield Investments Pty Ltd atf Oldfield Family Trust No 3 ('Oldfield Investments') to further vary the Amended Vary DoCA ('Oldfield DoCA'). One of the conditions precedents to the Oldfield DoCA proposal was the acceptance by the Deed Administrators of a loan agreement with Oldfield Investments to refinance the Mining Lending facility in full. The Deed Administrators entered into a loan agreement on 20 January 2020 with Oldfield Investments and Mining Lending's debt was refinanced in full on 22 January 2020 with Oldfield Investments becoming a secured creditor of the Group.

The Oldfield DoCA was approved by creditors at meetings held on 12 February 2020. However, on 26 February 2020 Gandel Metals Pty Ltd ('Gandel') re-enlivened the proceedings in the Federal Court of Australia vid 688 of 2019 in relation to whether Gandel held security over the Group or its assets ('Gandel Proceedings'). Oldfield Investments agreed with Gandel that the DoCA would be amended by way of Court Order honouring Gandel's pre voluntary administration loans to the Group to enable employee entitlements to be paid, which has a statutory priority pursuant to section 560 of the Corporations Act.

On 28 February 2020, the Oldfield DoCA was executed between the Group, Oldfield Investments and the Deed Administrators.

Oldfield Investments, with the consent of the Deed Administrators, sold its debt and the debt bought from Langsung Pty Ltd atf Langsung Superannuation Fund, to Golden River Resources Pty Ltd on 23 September 2020. The purchase of the Oldfield Investments' debt was a condition of the DoCA proposed by Golden River Resources Pty Ltd ('**GRR**'), which was a variation (detailed further in note 21).

The terms of the sale of Oldfield Investments' debt are confidential. As a result of the debt trade, Oldfield Investments dismissed the injunction hearing and the appeal to the Gandel Proceedings.

On 17 September 2020, GRR submitted a proposed variation to the Oldfield DoCA. The key terms of the GRR DoCA are summarised below:

- GRR will make available cash of $13.5 million which will be used to pay the Oldfield Investments, Secured Creditors, Gandel, and priority creditors and unsecured creditors through a Creditors' Trust and the Deed Administrator for their trading costs and fees. The Deed Administrators have received evidence that $13.5 million has been paid into a solicitors' trust account;
- GRR will either refinance or acquire the Oldfield Investment's debt in full and repay the Langsung Debt – this has been completed;
- GRR will assume liabilities which will not be transferred to the Creditors Trust including employee entitlements owing to employees who continue with the Group post completion of the GRR DoCA and Environmental Bonding;
- The Deed Administrator convened a meeting of the Company's creditors on 13 October 2020 where the creditors approved the GRR DoCA;
- An order was obtained from the Court pursuant to section 444GA of th e Act and consent was obtained from ASIC for relief pursuant to section 606 of the Act to transfer the existing Centennial shares from shareholders to GRR;
- Termination of Centennial's Options (which has already occurred 7 October 2019);
- Intercompany creditors will not participate in the distribution from the Creditors' Trust;
- Creditors are dealt with in separate classes as detailed in note 21;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation (continued)

- GRR will continue as a secured creditor for the full amount of its debt and continue to hold its security over the Companies until effectuation of its DoCA at which time its debt will either be forgiven or converted into Centennial shares;
- The completion of a transaction between GRR and an ASX listed entity (ListCo) for the acquisition by ListCo of a 100% equity interest in GRR (ListCo Transaction) (which condition may be waived by GRR) (refer below for further details);
- the appeal proceedings in relation to Gandel Metals' claim as a secured creditor was discontinued;
- the Secured Creditors consenting to release their security at settlement; and
- sunset date of 31 December 2020 or such later date as agreed between the Deed Administrator an GRR.

On 1 October 2020 GRR entered into a binding conditional option agreement with Kaiser Reef Limited ('Kaiser'), pursuant to which Kaiser have been granted an exclusive right to acquire 100% of the issued capital of the GRR ('Kaiser transaction'). In turn, subject to the effectuation of the Deed of Company Arrangement ('DoCa'), GRR will hold 100% of the issued capital of the Group (Centennial Mining Ltd). The Kaiser transaction is conditional upon Kaiser obtaining all necessary regulatory and shareholder approval required, including satisfying all ASX requirements for the reinstatement to the official listing of KAU shares on the ASX. The key terms of the Kaiser transaction is that Kaiser will issue 53,333,353 shares at a deemed issue price of $0.30 per share for a total deemed consideration of $16,000,000, which will be issued pro rata to all of the shareholders of GRR based on their respective interest.

Conditions precedent to the transaction are as follows:

- Kaiser obtaining all necessary regulatory and shareholder approval required, including satisfying all ASX requirements for the reinstatement to the official listing of KAU shares on the ASX;
- Effectuation of the Centennial DoCa such that GRR has acquired 100% of the issued capital of the Group; and
- Kaiser receiving valid binding and irrevocable applications for not less than $5,000,000 pursuant to a capital raising for the issue of 16,666,667 fully paid ordinary shares at an issue price of $0.30 per share.

The Deed Administrators believe that the ability for the Group to continue to remain as a going concern is dependent upon, amongst other factors, the following key assumptions:

- the DOCA effectuating and the recapitalisation completing on or about 31 December 2020;
- gold production from the A1 Mine at rates and costs generally consistent with those contained in the 2020 financial report; and
- the price received for gold sold by the Group being higher than the prevailing cost of gold production at A1 Mine.

To support this view, a comprehensive mine forecast and cashflow model shows that, subject to continued positive resource definition drilling and any unforeseen events, it is expected that continued mining, processing and sale of gold will be successful and will enable the Group to continue as a going concern.

The above matters present a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

Based on the above, the Deed Administrators have reasonable grounds to believe that the DOCA will effectuate on or about 31 December 2020, and that the Company will be able to pay its debts as and when they fall due, and the Deed Administrators consider that the going concern basis of preparation to be appropriate for these financial statements.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2020

In the year ended 30 June 2020, the Deed Administrators have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The Group has adopted all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period. The adoption of new and revised standards and interpretations has had no effect on the amounts reported for the current or prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(b) Adoption of new and revised standards

AASB 16 *Leases*

AASB 16 introduces a single lessee on-balance sheet accounting model, eliminating the distinction between operating and financing leases under AASB 117, and requires recognition of an ROU asset and a lease liability for most lease contracts with a lease term of more than 12 months, unless the underlying asset is of low value.

AASB 16 applies a control model to the identification of leases, distinguishing between a lease and service contract on the basis of whether the customer controls the asset.

Transition approach on adoption of AASB 16

The Group adopted AASB 16 on the date of initial application, 1 July 2019, applying the modified retrospective approach permitted by the standard. Under this approach, ROU assets and lease liabilities are calculated as at 1 July 2019 for operating leases existing at 30 June 2019 and comparative information is not restated, with any cumulative effect of initially applying AASB 16 recognised as an adjustment to the opening balance of retained earnings on 1 July 2019. The comparative information continues to be reported under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease* (IFRIC 4).

The impact on the Group on adoption did not result in any adjustment in the financial report. As the Group was in administration at the time of adoption of AASB 16, all operating leases were on a month-by-month basis in agreement with lessors with the understanding that should the Company enter liquidation that leased assets would no longer be utilised. Additionally, assets were not leased at consistent rates across this period as asset utilisation fluctuated from lessors. As such, it has been determined that all leases for the financial year ended 30 June 2020 should be accounted for as short-term lease expenses in the statement of profit and loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments are comprised of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Practical expedients applied

In applying AASB 16 or the first time, the entity has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases.

Standards and Interpretations in issue not yet adopted

The Deed Administrators have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2020. As a result of this review the Deed Administrators have determined that there are no Standards or Interpretations issued but not yet effective that impact the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(c) Statement of compliance

The financial report was authorised for issue on 4 December 2020.

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) Significant accounting estimates and judgements

The application of accounting policies requires the use of judgements, 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.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees 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 and Scholes model, using the assumptions detailed in Note 16.

Exploration and evaluation costs carried forward

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Deed Administrators are of the continued belief that such expenditure should not be written off, since feasibility studies in such areas have not yet been concluded.

Development assets

The recoverability of the carrying amount of mine development assets carried forward has been reviewed by the Deed Administrators. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell' and "value in use".

During the current year a valuation has been performed by an external expert to value the development assets held by the Company as at 30 June 2020 and it is noted that the current written down value approximates the fair value less costs to sell based on a comparable market approach. Therefore, no further impairment has been recorded in the current financial year. For prior year impairment, please refer to details disclosed in note 10.

Development assets represent the accumulation of all exploration, evaluation and development expenditure incurred in respect of areas of interest in which mining has commenced or in the process of commencing. When further development expenditure is incurred in respect of mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is either fully provided against or written off in the financial year in which this is determined.

Units-of-production depreciation

Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mineral specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting estimates and judgements (continued)

Inventories

Costs incurred in, or benefits, of the productive process are accumulated as stockpiles, gold in process and product inventory. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product, based on prevailing spot metal prices at the reporting date, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. The metallurgic balancing process is constantly monitored and the recovery estimates are refined based on reconciliations with actual results.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Ore Reserve and Resource estimate

The group estimates its ore reserves and mineral resources based on information compiled by a Competent Persons (as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves [the JORC Code]). Resources determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, rehabilitation and environmental expenditure. In estimating the remaining life of the mine for the purposes of amortisation and depreciation calculations, due regard is given to limitations which could arise from the potential for changes in technology, demand, and other issues which are inherently difficult to estimate over a lengthy time frame.

(e) Provision for restoration and rehabilitation

The Group's mining, exploration and refining activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of the provision. A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date. The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Exploration and evaluation

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:

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

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

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) 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 assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(g) Development assets

Development assets are recognised at cost less accumulated amortisation and any impairment losses. Exploration and evaluation expenditure is reclassified to development assets once the technical feasibility and commercial viability of extracting the related mineral resource is demonstrable. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

(h) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Centennial Mining Limited (‘Company’ or ‘Parent’) and entities controlled by the Company (the ‘Group’). As the Company owns 100% of the share capital of all its subsidiaries it has full control of each entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, 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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Investments in subsidiaries held by Centennial Mining Limited are accounted for at cost in the financial statements of the parent entity less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired. The identifiable assets and the liabilities assumed are measured at their acquisition date fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Segment reporting

Since incorporation the Company has been engaged in the minerals industry at one location in Victoria and accordingly there are currently no separate segments to the Company's operations.

(k) Revenue recognition

Sales revenue is recognised when:

- Control of the goods has been transferred to the customer, which occurs when physical goods are delivered to the customer;
- The customer has the significant risks and rewards of ownership through the ability to direct the use of and obtain substantially all of the remaining benefits from the goods;
- There is no unfulfilled obligation that could affect the customer's acceptance of the goods; and
- Payment is due from the customer.

The amount of revenue recognised reflects the consideration to which the Group is, or expects to be, entitled in exchange for the goods. Revenue is measured at the transaction price agreed under a sales contract.

Gold bullion and silver sales

Revenue from gold bullion and silver sales is recognised at the time of physical delivery on the settlement date, when control of the physical goods passes to the customer, satisfying the sole performance obligation to deliver gold bullion and silver. For gold bullion and silver sales, the transfer of control is generally at the point in time when the gold bullion and silver is credited to the metal account of the customer on the settlement date.

(l) 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 adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

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.

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
- when the taxable temporary difference is associated with investments in subsidiaries, 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.
- When the deductible temporary difference is associated with investments in subsidiaries 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.

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.

Tax consolidation legislation

Centennial Mining Limited 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.

Centennial Mining 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income Tax (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

(m) Deferred tax

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.

(n) 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.

(o) Impairment of 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.

Due to the company entering administration and assessments by a number of knowledgeable independent parties, the board decided to value the assets based on a distressed sale scenario, which resulted in significant impairment costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Cash and cash equivalents

Cash comprises cash at bank and in 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.

(q) Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. As at balance date, the amount due from customers was considered to be immaterial to justify calculation of an expected credit loss provision to be put in place.

(r) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary of selling the final product.

(s) 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. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

With the exception of the Maldon Mill, depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Motor vehicles – over 8 years

Office equipment – over 3 to 10 years

Plant & equipment – over 5 to 20 years

Exploration, evaluation and development assets are amortised on a units of production basis being based on tonnes mined relevant to the estimated total indicated and inferred resource of the A1 mine and Union Hill mines.

Maldon Mill is depreciated on a units of production basis being based on tonnes processed relative to the estimated total indicated and inferred resource of the A1 mine and Union Hill mine.

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

(t) Financial assets

Classification and measurement of financial assets are based on the business model in which they are managed and their contractual cash flow characteristics. On initial recognition, financial assets, other than those designated and effective as hedging instruments, are classified as measured at amortised cost using the effective interest method, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI).

(i) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

For financial assets subsequently measured at amortised cost, any interest income, impairment losses, foreign exchange gains and losses are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial assets (continued)

(ii) Financial assets at FVTPL

Financial assets whose contractual cash flows are not solely payments of principal and interest, or are not classified as measured at amortised cost of FVOCI, are measure at FVTPL. Derivative financial assets are measured at FVTPL. For financial assets subsequently measured at FVTPL, net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment of financial assets

The Group assess, on a forward-looking basis, the expected credit losses associated with debt instruments measured at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards of ownership are transferred. Any gain or loss on derecognition is recognised in profit or loss.

(u) Financial liabilities

Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as measured at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition

Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expire. Any gain or loss on derecognition is recognised in profit or loss.

(v) 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.

(w) Interest-bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholder's equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(x) 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. 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.

(y) Employee entitlements

Annual leave

Liabilities accruing to employees in respect of annual leave expected to be settled within 12 months of the balance date are recognised in trade & 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.

Liabilities accruing to employees in respect of annual leave not expected to be settled within 12 months of the balance date are recognised in non-current liabilities in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflow to be made by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Employee entitlements (continued)

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 that match, as closely as possible, the estimated future cash outflows.

(z) 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 using a Black-Scholes model, further details of which are given in Note 16. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Centennial Mining 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 persons become fully entitled to the award.

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

(aa) Share-based payment transactions (continued)

statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

Where the Company acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share based payment transactions, the fair value of the equity instruments granted is measured at the grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

(ab) 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.

(ac) Parent entity financial information

The financial information for the parent entity, Centennial Mining Limited, disclosed in Note 20 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2020	**2019**
	$	**$**
(a) Revenue and other income		
Sale of fine metals	18,337,728	22,238,045
Bank interest received	14,725	16,782
Fuel tax credits received	2,336	155,270
Insurance claim received	-	90,783
Government grants	43,734	-
Other income	1,845	-
	18,400,368	**22,500,880**
(b) Expenses		
Depreciation and amortisation	3,204,282	2,332,235
Employee expenses	7,526,678	8,851,048
Impairment expenses	-	23,919,915
Gold operational expenditure	6,834,654	15,565,061
Finance costs – interest expense	2,246,357	677,280
Short-term lease and rental expenses*	1,115,980	977,638

***** Due to the status of the Company being in deed administration for the entirety of the financial year, management have assessed the requirements of AASB 16 and concluded that due to the month-to-month variability of short term leases entered into, the ability for termination at the end of any given month should operations cease due to liquidation and the lack of formal lease agreements that all short term hire falls outside the scope of AASB 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3: INCOME TAX

	Consolidated	
	2020 $	2019 $
(a) Income tax expense / (benefit):		
Current tax	-	-
Deferred tax	-	-
Income tax expense / (benefit) calculated at 30%	-	-
(b) Amounts recognised directly in equity:		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.		
Current tax	-	-
Deferred tax	-	-
	-	-

	Consolidated	
(c) Reconciliation of income tax expense to prima facie tax payable:	2020 $	2019 $
Profit/(loss) from continuing operations before income tax expense	(8,543,946)	(33,360,733)
Tax at the Australian tax rate of 30% (2019: 30%)	(2,349,585)	(9,174,201)
Tax effect of amounts that are not deductible (taxable) in calculating taxable income:		
- Share based payments	-	247,965
- Non-assessable income	(144,740)	(45,849)
- Other permanent differences	131,942	129,435
- Deferred tax assets not brought to account	1,968,634	6,582,133
- Tax losses not brought to account	393,749	2,260,517
Income tax expense/(benefit) reported in the statement of comprehensive income	-	-
Applicable weighted average effective tax rates		

(d) Deferred tax liabilities:

The following deferred tax assets and (liabilities) have not been brought to account:

PPE	-	-
Exploration and development expenses	-	-
	-	-
Offset of deferred tax assets	-	-
	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3: INCOME TAX (continued)

	Consolidated	
	2020	**2019**
	$	**$**
(e) Deferred tax assets:		
Tax losses	13,460,644	13,843,471
Exploration and development assets	1,557,710	1,190,285
Share issue costs	1,268,397	353,738
Borrowing costs	173,079	9,763
PPE	898,766	657,391
Accrued expenses and liabilities	31,413	8,337
Employee entitlements	260,061	242,976
Provision for rehabilitation	269,620	285,175
	17,919,690	16,591,136
Off-set against deferred tax liabilities	-	-
Net unrecognised deferred tax assets	17,919,690	16,591,136

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items as the recognition criteria in AASB112 Income Taxes are not yet met.

Tax Consolidation

Centennial Mining Limited and its subsidiaries implemented the tax consolidation legislation from 1 July 2016. The accounting policy for the implementation of the tax consolidation legislation is set out in note 1(l).

The entities in the tax consolidated group entered into a tax sharing agreement on adoption of the tax consolidation legislation which, in the opinion of the Deed Administrators, limits the joint and several liability of the controlled entities in the case of a default by the head entity, Centennial Mining Limited.

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated	
	2020	**2019**
	$	**$**
Cash at bank and on hand	1,935,776	1,746,426
	1,935,776	**1,746,426**

As at 30 June 2020, the Group had $20,000 undrawn financing facilities available (2019: $35,000).

(i) Reconciliation to the Statement of Cash Flows:

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.

Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	1,935,776	1,746,426
	1,935,776	**1,746,426**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 4: CASH AND CASH EQUIVALENTS (continued))

	Consolidated	
	2020	**2019**
	$	**$**
(ii) Reconciliation of loss for the year to net cash flows from operating activities:		
Net loss for the year after tax	(8,543,946)	(33,360,732)
Non-cash flows in loss:		
Depreciation and amortisation	3,204,282	2,332,235
Impairment of exploration expenditure	-	909,965
Impairment of development assets	-	18,996,639
Impairment of property, plant and equipment	-	4,013,311
Net gain on disposal of property, plant and equipment	-	(80,721)
Net gain on disposal of subsidiary	(178,144)	(164,058)
Equity settled share-based payment	-	901,963
Change in net assets and liabilities:		
Decrease / (Increase) in assets:		
Current receivables	1,433	(17,545)
Inventories	(330,192)	921,052
Other current assets	(102,787)	299,198
Increase /(Decrease) in liabilities:		
Current payables	1,971,951	3,142,309
Interest bearing liabilities	3,704,718	573,524
Current tax liabilities	-	171,672
Employee entitlements	211,950	(64,131)
Net cash used in operating activities	**(60,735)**	**(1,425,322)**

Changes in liabilities arising from financing activities:

	Insurance Funding	Borrowings	Total
	$	**$**	**$**
Balance as at 1 July 2019	-	6,051,441	6,051,441
Net cash received from financing activities	-	700,000	700,000
Liabilities assumed by funding parties	-	1,233,099	1,233,099
Liability arising from insurance premium funding	255,262	-	255,262
Repayments made	(217,505)	(55,000)	(272,505)
Amortised interest	5,743	2,240,614	2,246,357
Balance at 30 June 2020	**43,500**	**10,170,154**	**10,213,654**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 5: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020	**2019**
	$	**$**
Other receivables	11,687	11,687
	11,687	**11,687**

NOTE 6: INVENTORIES

	2020	**2019**
	$	**$**
Gold in transit and in circuit at net realisable value	728,673	425,817
Consumables at cost	55,606	28,271
	784,279	**454,088**

No inventory write downs to profit and loss noted during 2020 (2019: $nil)

NOTE 7: OTHER ASSETS

	2020	**2019**
	$	**$**
Current		
Prepayments	102,937	150
Rental bonds	4,956	6,390
	107,893	6,540
Non-Current		
Environmental bonds	857,000	877,000
	857,000	**877,000**

The environmental bonds represent restricted cash held in a financial institution in accordance with the relevant environmental requirements. They will be released upon the successful rehabilitation of the relevant mine sites.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2020	2019
	$	$
Property		
Freehold land – at cost	62,299	62,299
Net carrying amount	62,299	62,299
Construction in progress		
Construction in progress – at cost	74,225	-
Net carrying amount	74,225	-
Plant and equipment		
Plant and equipment – at cost	12,089,318	11,457,989
Accumulated depreciation	(6,619,684)	(4,903,134)
Impairment	(3,980,807)	(3,980,807)
Net carrying amount	1,488,827	2,574,050
Office equipment		
Office equipment – at cost	135,128	135,128
Accumulated depreciation	(114,206)	(107,306)
Impairment	(20,922)	(20,922)
Net carrying amount	-	6,900
Motor vehicles		
Motor vehicles – at cost	304,089	304,089
Accumulated depreciation	(263,005)	(237,005)
Impairment	(11,584)	(11,584)
Net carrying amount	29,500	55,500
Total property, plant and equipment net carrying amount	**1,654,851**	**2,698,749**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated	
	2020	**2019**
	$	**$**
Reconciliation of property		
Carrying amount at beginning of the year	62,299	62,299
Carrying amount at end of the year	62,299	62,299
Reconciliation of construction in progress		
Carrying amount at beginning of the year	-	-
Additions	74,225	-
Carrying amount at end of the year	74,225	-
Reconciliation of plant and equipment		
Carrying amount at beginning of the year	2,574,050	7,468,674
Additions	631,329	70,150
Disposals	-	(219,020)
Depreciation	(1,716,552)	(764,949)
Impairment (i)	-	(3,980,805)
Carrying amount at end of the year	1,488,827	2,574,050
Reconciliation of office equipment		
Carrying amount at beginning of the year	6,900	35,996
Additions	-	2,096
Depreciation	(6,900)	(10,270)
Impairment (i)	-	(20,922)
Carrying amount at end the year	-	6,900
Reconciliation of motor vehicles		
Carrying amount at beginning of the year	55,500	102,131
Additions	-	-
Disposals	-	(6,359)
Depreciation	(26,000)	(28,689)
Impairment (i)	-	(11,583)
Carrying amount at end of the year	**29,500**	**55,500**

Assets pledged as security:

No assets pledged as security as at 30 June 2020 (2019: nil).

(i) *Impairment of property, plant and equipment*

During the year, the property, plant and equipment held by the Group were professionally valued. The valuation presented to the Group noted a fair market value for continued use of assets approximates the written down values at period end. As a result, no impairment has been recognised in the current year.

In the 2019 financial year, the same valuation exercise was undertaken, identifying that a large amount of property, plant and equipment was impaired at year end. As such, an impairment charge was recognised in the 2019 financial year as detailed in the above note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated	
	2020	2019
	$	$
NOTE 9: EXPLORATION AND EVALUATION ASSETS		
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phases – at cost		
Balance at beginning of year	600,000	1,509,965
Impairment (Nuggetty Reef/Pearl Croydon/Specimen Reef)	-	(909,965)
Carry forward exploration costs disposed in subsidiary sale	(350,000)	-
Balance at end of year	**250,000**	**600,000**

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.

Impairment of exploration and evaluation assets

During the 2019 financial year the recoverable amounts for the Nuggetty Reef, Pearl Croydon and Specimen Reef tenements were assessed to be less than the carrying amounts of these assets, which resulted in the assets being written down to their recoverable amounts. These three tenements were valued at $600,000 cumulatively.

NOTE 10: DEVELOPMENT ASSETS

Development phase – at cost

Balance at beginning of year	6,380,000	26,904,966
Amortisation	(1,454,828)	(1,528,326)
Impairment	-	(18,996,640)
Balance at end of year	**4,925,172**	**6,380,000**

In the normal course of business development assets and associated plant and equipment will be recouped through the successful production and sale of gold from the respective properties. Due to ongoing operating losses and the Company being entered into administration during the prior financial year, a valuation was undertaken by RPM Global of the estimated value range of the development and exploration assets as at 30 June 2019. RPM noted that the distressed nature of the assets has accounted for the likelihood of a discount expected on the value by any prospective buyer of the assets which has driven the value down. The valuation performed on a fair value less costs to sell basis resulted in significant impairment costs ($18,996,640) to development assets captured in the consolidated statement of profit or loss and other comprehensive income in the 2019 financial year.

A subsequent valuation has been performed to value the development assets held by the Company as at 30 June 2020 and it is noted that the current written down value approximates the valuation received, therefore no further impairment has been recorded against these balances in the current financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated 2020 $	2019 $
Trade payables (i)	352,793	205,324
Accrued expenses	2,057,830	576,889
ATO liabilities payable	445,868	101,726
Pre-administration payables	9,599,126	9,599,126
Employee benefits	718,194	486,206
	13,173,811	**10,969,871**

(i) Trade payables are non-interest bearing and are normally settled on 60-day terms.

Information regarding the liquidity and interest rate risk exposure is set out in Note 17.

NOTE 12: BORROWINGS

	Effective Interest Rate	Maturity	2020 $	2019 $
CURRENT				
Unsecured				
Insurance premium funding	2.20%	31/07/2020	43,500	-
Loan 1 (Gandel wages CTL/MAL)	12.50%	05/12/2018*	424,356	374,399
Secured				
Loan 2 (Gandel con note)	18.00%	10/02/2019*	3,036,811	2,444,911
Loan 3 (Bendan x2 2019 / x1 2020)	12.50%	21/08/2020	172,603	182,263
Loan 4 (Montlodge)	12.50%	22/08/2020	1,355,034	1,217,158
Loan 5 (Langsung)	12.50%	21/12/2018*	243,562	218,493
Loan 6 (Mining Lending)	28.95%	20/01/2020*	-	1,614,217
Loan 7 – V C Oldfield	64.80%	21/09/2020	4,937,788	-
Total borrowings			10,213,654	6,051,441

* Several financing facilities utilised by the Group had matured as at 30 June 2020. Due to the ongoing Administration of the Group, these outstanding financing facilities will be resolved as part of the DoCA as disclosed in note 21.

Financing facilities available

As at 30 June 2020, the Group had $20,000 in undrawn finance facilities (2019: $35,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 13: PROVISIONS

	Employee benefits (i)	Restorative obligations (ii)	Other	Total
	$	$	$	$
Balance at beginning of year	389,554	1,087,000	91,178	1,567,732
Arising during the year	260,953	-	-	260,953
Utilised	(280,992)	-	-	(280,992)
Obligation transferred on sale	-	(50,000)	-	(50,000)
Balance at the end of year	369,515	1,037,000	91,178	1,497,693
Current	369,515	-	-	369,515
Non-current	-	1,037,000	91,178	1,128,178
	369,515	1,037,000	91,178	1,497,693

i) The provision for employee benefits represents accrued annual and long service leave.

ii) The provision for restorative obligations relates to the estimated cost of rehabilitation work to be carried out in relation to the removal of facilities, closure of sites and restoring the affected areas. The provision represents the best estimate of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14: ISSUED CAPITAL

	2020 $	2019 $
1,044,434,244 Ordinary shares issued and fully paid (2019: 1,044,434,244)	51,991,717	51,991,717

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held 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 one vote for each fully paid share and a fraction of one vote for each partly paid up share.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

	Consolidated			
	2020		2019	
	No.	$	No.	$
Movement in ordinary shares on issue				
Balance at beginning of financial year	1,044,434,244	51,991,717	1,044,434,244	51,991,717
Balance at end of financial year	1,044,434,244	51,991,717	1,044,434,244	51,991,717

	2020		2019	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Movement in options over ordinary shares on issue:				
At start of year	383,057,631	$0.031	399,557,631	$0.031
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Cancelled	(383,057,631)	$0.031	(16,500,000)	$0.031
At end of year	-	-	383,057,631	$0.031
Exercisable	-		5,000,000	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15: RESERVES

Share-based payments reserve

The share-based payments reserve is used to record the value of equity benefits provided to Deed Administrators and employees as part of their remuneration and to other parties for services rendered and in connection with raising capital and acquisition of subsidiaries. Refer to Note 16 for further details.

On 7 October 2019 all outstanding options were cancelled by the Deed Administrators, KordaMentha. For the year ended 30 June 2019, all unvested options were expensed in full, with a total share based payment expense of $901,963 recognised and a closing share based payment reserve balance of $4,651,823, due to factors such as change of control events causing vesting, along with cancellation events causing accelerated vesting of calculated expense.

As all options have been cancelled during the financial year, management have determined it appropriate to transfer all costs contained within the Share-based payments reserve to Retained Earnings.

NOTE 16: SHARE BASED PAYMENTS

No share-based payments were entered into in the current period. All options outstanding at 30 June 2019 were cancelled on 7 October 2019.

NOTE 17: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to maintain a low debt to equity ratio and ensure that the Group will be able to continue as a going concern. This strategy has remained unchanged since 2015.

The capital structure of the Group consists of debt, cash and cash equivalents and equity comprising issued capital and reserves reduced by accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

(b) Categories of financial instruments

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	1,935,776	1,746,426
Receivables	11,687	11,687
Rental bonds	4,956	6,389
Term deposit	-	-
Environmental bonds	857,000	877,000
Total financial assets	2,809,419	2,641,502

Financial liabilities	2020 $	2019 $
Trade and other payables	12,455,617	10,483,665
Borrowings	10,213,654	6,051,441
Total financial liabilities	22,669,271	16,535,106

All the above financial assets and liabilities are carried at amortised cost and the carrying amount is equivalent to fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17: FINANCIAL INSTRUMENTS (continued)

(c) Financial risk management objectives

The Group is exposed to credit risk, liquidity risk and interest rate risk as a normal course of the Group's business.

i) Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The credit risk of liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies. Apart from credit risk on liquid funds the Group does not have any significant risk exposure to any single counterparty or any group of counterparties having similar characteristics.

ii) Liquidity Risk

The Group manages liquidity risk by maintaining adequate banking facilities by continuously monitoring forecast and actual cash flows.

The contractual maturity for the Group's financial liabilities, including estimated interest payments, is as follows:

2020	Less than 1 Month $	1 – 3 Months $	3 Months – 1 Year $	1 – 5 Years* $	5+ Years $
Non-interest bearing	380,751	2,475,740	9,599,126*	-	-
Fixed interest rate instruments	3,748,229	7,215,484	-	-	-
	4,128,980	9,691,224	9,599,126	-	-
2019					
Non-interest bearing	233,282	650,657	-	9,599,727*	-
Fixed interest rate instruments	3,037,803	-	1,875,402	1,600,228	-
	3,271,085	650,657	1,875,402	11,199,955	-

* Balance disclosed represents all amounts quarantined for settlement in effectuation of DOCA. As this amount cannot be determined until such a time as the effectuation takes place, the total amount due to creditors prior to administration has been included within this section.

iii) Interest Rate Risk

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

	2020 $ Carrying Amount	2019 $ Carrying Amount
Variable rate instruments		
Financial assets	857,000	877,000
Fixed rate instruments		
Financial liabilities	10,213,654	6,051,441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17: FINANCIAL INSTRUMENTS (continued)

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined on the exposure to interest rates for non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At balance date, if interest rates had been 50 basis points higher and all other variables were held constant, the Group's net loss would increase by $46,783 (2019: decrease $25,872). There would be a corresponding effect on equity.

Market risk

The Group's activities expose it to the financial risks of changes in commodity prices. A 5% change in the gold price would have changed the result for the year by $916,886 (2019: $1,111,902) and changed the value of inventory by $36,434 (2019: $21,290).

NOTE 18: COMMITMENTS AND CONTINGENCIES

Capital commitments and contingencies

There were no capital commitments as at 30 June 2020 or 30 June 2019. As at the date of this report, the Company has a contingent liability in respect of an outstanding dispute for equipment hire with a party to the DoCA for amounts claimed to be due to the equipment provider. The potential undiscounted amount of total payments that the Group could be required to make if there was an adverse decision related to the claim is estimated to be approximately $160,000 before interest charges of 6.25%.

Short-term lease commitments – Company as lessee

Due to the Company being entered into administration during the current financial year, all commercial leases previously entered into have been required to be cancelled and month-by-month rolling operating leases have been entered into. On this basis, the leases are capable of being terminated on short notice and as such, the Company has no short-term lease commitments exceeding one-month.

NOTE 19: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Centennial Mining Limited and the subsidiaries listed in the following table.

	% Equity interest		Investment	
	2020	2019	2020	2019
			$	$
Maldon Resources Pty Limited	100%	100%	6,813,410	6,813,410
Highlake Resources Pty Limited	-	100%	-	48

Centennial Mining Limited is the ultimate Australian parent entity and ultimate parent of the Group. All subsidiaries are incorporated in Australia.

During the year, Highlake Resources Pty Ltd was sold for $500,000 along with all exploration licenses held and all restoration provisions it was encumbered with.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note. Details of transactions between the Group and other related entities are disclosed below.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 19: RELATED PARTY DISCLOSURE (continued)

Related party		Income from Related Parties $	Expenditure Related Parties $	Amounts Owed by Related parties $	Amounts Owed to Related parties $
Director related parties					
Amounts owing to directors for:					
- Directors fees and superannuation					
D Rogers – Executive Chairman	2020	-	930,093	-	1,715,833
(*resigned 17 March 2020*)	2019	-	1,060,806	-	1,041,423
A Gray – Non Executive Director	2020	-	-	-	83,835
	2019	-	40,635	-	83,835

Mr Anthony Gray is a Key Management Personnel member of Octagonal Resources Pty Ltd and Octagonal Resources (WA) Pty Ltd. The director's remuneration falling due to Anthony Gray invoiced by Octagonal Resources Pty Ltd. No payments were made to either of these two companies during the financial year.

NOTE 20: PARENT ENTITY DISCLOSURES

Financial position

	2020 $	2019 $
Assets		
Current assets	1,537,869	568,610
Non-current assets	6,175,909	6,973,456
Total assets	7,713,778	7,542,066
Liabilities		
Current liabilities	17,877,452	15,547,194
Non-current liabilities	394,178	394,178
Total liabilities	18,271,630	15,941,372
Equity		
Issued capital	51,991,717	51,991,717
Reserves		
• Share-based payments	-	4,651,823
Accumulated losses	(62,549,569)	(65,042,846)
Total equity	(10,557,852)	(8,399,306)

Financial performance

	2020 $	2019 $
(Loss) for the year	(2,158,545)	(29,695,989)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(2,158,545)**	**(29,695,989)**

There were no capital commitments or contingencies as at 30 June 2020 or 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Sale of Debt

Oldfield Investments, with the consent of the Deed Administrators, sold its debt and the secured debt it bought from Langsung Pty Ltd atf Langsung Superannuation Fund, to Golden River Resources Pty Ltd on 23 September 2020. The purchase of the Oldfield Investments' debt was a condition of the DoCA proposed by Golden River Resources Pty Ltd ('GRR'), which was a variation (detailed further below). The sale of debt occurred to enable the GRR to be the 100% owner of the shares in the Group subject to effectuation of the DoCA. The terms of the sale of Oldfield Investments' debt are confidential. As a result of the debt trade, Oldfield Investments dismissed the injunction hearing and the appeal to the Gandel Proceedings.

GRR DoCA

Overview

On 17 September 2020, GRR submitted a proposed variation to the Oldfield DoCA. The key terms of the GRR DoCA are summarised below:

- GRR will make available cash of $13.5 million which will be used to pay the Oldfield Investments, Secured Creditors, Gandel, and priority creditors and unsecured creditors through a Creditors' Trust and the Deed Administrator for their trading costs and fees. The Deed Administrators have received evidence that $13.5 million has been paid into a solicitors' trust account
- GRR will either refinance or acquire the Oldfield Investment's debt in full and repay the Langsung Debt – this has been completed
- GRR will assume liabilities which will not be transferred to the Creditors Trust including employee entitlements owing to employees who continue with the Group post completion of the GRR DoCA and Environmental Bonding
- the Deed Administrator convened a meeting of the Company's creditors on 13 October 2020 where the creditors approved the GRR DoCA
- an order was obtained from the Court pursuant to section 444GA of the Act and consent was obtained from ASIC for relief pursuant to section 606 of the Act to transfer the existing Centennial shares from shareholders to GRR
- termination of Centennial's Options (which has already occurred)
- intercompany creditors will not participate in the distribution from the Creditors' Trust
- creditors are dealt with in separate classes as follows:

	Cents in the dollar of claim
Date contribution crystallised	Effectuation of DoCA
Estimated timing of payment to creditors	6 April 2021
Return to creditors	Cash – single payment
Payment outside of Creditors Trust	
Gandel inc section 560 Loans, costs, secured and unsecured loans	78.1
Bendan & Montlodge – Secured and unsecured debt	74.5
Payment as part of creditors' trust	
Class A – superannuation and wages	100.0
Class B – employee entitlements for terminated employees	100.0
Class C – Dale Rogers	18.9
Class D – All unsecured creditors, excluding class C, E, & F	19.9
Class E – creditors owed less than $5k	89.4
Class F – ATO	7.3

- GRR will continue as a secured creditor for the full amount of its debt and continue to hold its security over the Companies until effectuation of its DoCA at which time its debt will either be forgiven or converted into Centennial shares;
- the completion of a transaction between GRR and an ASX listed entity (ListCo) for the acquisition by ListCo of a 100% equity interest in GRR (ListCo Transaction) (which condition may be waived by GRR);
- the appeal proceedings in relation to Gandel Metals' claim as a secured creditor was discontinued;
- the Secured Creditors consenting to release their security at settlement; and
- sunset date of 31 December 2020 or such later date as agreed between the Deed Administrator an GRR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21: EVENTS AFTER THE REPORTING PERIOD (continued)

Current Position

An updated position for the completion of the GRR DoCA is as follows:

Condition Precedent	Status
The Companies' creditors approve the DoCA at a meeting of their creditors	Completed
The Deed Administrators applying to Court for leave pursuant to section 444GA of the Act and to ASIC for relief from the prohibitions in section 606 of the Act;	Completed
GRR making $13.5 million available to the Deed Administrators, less any amounts already paid (which as at today's date is the amount paid to Oldfield to refinance the Oldfield Loan);	Ongoing
Payment of the Cash Contribution by the Deed Administrators into the Creditors' Trust, together with the other available property being transferred into Creditors' Trust, which includes debtors as at the date of effectuation and unsold gold / proceeds from the unsold gold produced on the last Wednesday prior to effectuation and any residual cash less the Deed Administrators' fees, remuneration and expenses;	At effectuation
Deeds of release being entered into with the Secured Creditors and Dale Rogers, whereby those parties release all of their rights, title and claims they may have against the Group and the Deed Administrators and agree to release their security;	Ongoing
Payment of $2.85 million being made to Gandel Parties in full and final settlement of all their debts including the section 560 loan, unsecured loan, costs, secured loan to the Group and the Gandel Parties releasing their security over the Group;	At effectuation
Payment of $1.14 million being made to Montlodge (and its related party) and payment of $191,000 being made to Bendan in full and final settlement of all their debts including unsecured debt and their secured loan to the Group and Bendan and Montlodge (and its related party) releasing their security over the Group;	At effectuation
The Deed Administrators will remove and appoint new directors to Centennial's board of directors as instructed by GRR;	At effectuation
The completion of a transaction between GRR and Kaiser for the acquisition by Kaiser of a 100% equity interest in GRR, which may be waived by GRR;	Ongoing
GRR doing all things necessary to release its security interest against the Group and doing all things necessary to release and remove any registrations against the Group in favour of Oldfield and Langsung;	At effectuation
GRR informing the Deed Administrators as to whether GRR will forgive the Oldfield and Langsung debt refinanced by GRR or convert that debt into Centennial's shares;	At effectuation
The execution of a Creditors' Trust Deed and establishment of the Creditors' Trust	At effectuation

Acquisition by Kaiser Reef Limited

On 1 October 2020 GRR entered into a binding conditional option agreement with Kaiser Reef Limited ('Kaiser'), pursuant to which Kaiser have been granted an exclusive right to acquire 100% of the issued capital of the GRR ('Kaiser transaction'). In turn, subject to the effectuation of the Deed of Company Arrangement ('DoCa'), GRR will hold 100% of the issued capital of the Group (Centennial Mining Ltd). The Kaiser transaction is conditional upon Kaiser obtaining all necessary regulatory and shareholder approval required, including satisfying all ASX requirements for the reinstatement to the official listing of KAU shares on the ASX. The key terms of the Kaiser transaction is that Kaiser will issue 53,333,353 shares at a deemed issue price of $0.30 per share for a total deemed consideration of $16,000,000, which will be issued pro rata to all of the shareholders of GRR based on their respective interest.

Conditions precedent to the transaction are as follows:

- Kaiser obtaining all necessary regulatory and shareholder approval required, including satisfying all ASX requirements for the reinstatement to the official listing of KAU shares on the ASX;
- Effectuation of the Centennial DoCa such that GRR has acquired 100% of the issued capital of the Group; and
- Kaiser receiving valid binding and irrevocable applications for not less than $5,000,000 pursuant to a capital raising for the issue of 16,666,667 fully paid ordinary shares at an issue price of $0.30 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 22: AUDITOR'S REMUNERATION

The auditor of Centennial Mining Limited group is BDO Audit (WA) Pty Ltd.

	2020 $	2019 $
Amounts received or due and receivable by BDO for:		
Audit of the financial statements – accrual for current period	40,000	40,000
– over/under accrual from prior period	-	-
Review of half yearly financial statements	-	-
	40,000	40,000

NOTE 23: KEY MANAGEMENT PERSONNEL

The totals of remuneration paid to key management personnel during the year are as follows:

	2020 $	2019 $
Short-term employee benefits	903,760	293,742
Post-employment benefits	26,333	24,251
Share-based payment	-	783,448
	930,093	1,101,441

NOTE 24: SEGMENT REPORTING

The Group has operated in one segment being the mineral exploration sector in Victoria and accordingly no further disclosure is required in the notes to the consolidated financial statements.

ADMINISTRATORS' DECLARATION

In the Deed Administrators' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declaration required to be made in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

This declaration is made in accordance with a resolution of the Deed Administrators (acting in their capacity as Joint and Several Deed Administrators of the Company and each of its wholly owned subsidiaries).

Richard Tucker
Deed Administrator
Centennial Mining Limited (Subject to Deed of Company Arrangement)
c/-KordaMentha

4 December 2020

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DEED AMINISTRATORS OF CENTENNIAL MINING LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

As lead auditor of Centennial Mining Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Centennial Mining Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 4 December 2020

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Centennial Mining Limited (Subject to Deed of Company Arrangement)

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of Centennial Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the Administrators' declaration.

In our opinion, except for the effects of the matters described in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

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

Basis for qualified opinion

Comparatives

Attention is drawn to the comparative figures in the consolidated statement of financial position at 30 June 2019. As stated in Note 1(a) of the financial report, on the 21st March 2019, the Company was placed into Administration (subject to a Deed of Company Arrangement) and the duties and responsibilities of the Directors were suspended from the date the Company entered into Administration. Accordingly, the Deed Administrators did not have oversight or control over the Group's financial reporting systems for the full financial year ended 30 June 2019, including (but not limited to) being able to obtain access to complete accounting records. As a result, we did not have access to the complete books and financial records of the Group, and this caused us to disclaim our audit opinion on the financial report for the year ended 30 June 2019. Our opinion on the current year's financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Inventory

We were appointed as auditors of the company on 27 November 2020 and thus did not observe the counting of physical inventories at the beginning or end of the financial year ended 30 June 2020. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 30 June 2019 and 30 June 2020.

Since opening and closing inventories enter into the determination of the results of operations and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the opening retained earnings, the income for the year reported in the statement of profit or loss and other comprehensive income, and the net cash flows from operating activities reported in the statement of cash flows.

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

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

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

Material uncertainty related to going concern

We draw attention to Note 1(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharged its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The Administrators are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Administrators for the Financial Report

The Administrators 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 Administrators 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 Administrators 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 Administrators either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

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Dean Just

Director

Perth, 4 December 2020