



ABN 59 151 155 734

Annual Financial Report

For the year ended 30 June 2020

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Contents

	Page
Corporate Information	2
Directors' Report	3
Auditor's Independence Declaration	20
Consolidated Statement of Comprehensive Income	21
Consolidated Statement of Financial Position	22
Consolidated Statement of Changes in Equity	23
Consolidated Statement of Cash Flows	24
Notes to the Consolidated Financial Statements	25
Directors' Declaration	51
Independent Auditor's Report	52
ASX Additional Information	56

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Corporate Information

Directors	Mark Jones (Non-Executive Chairman) Douglas Rose (Managing Director) Terence Brown (Non-Executive Director)
Company Secretary	Krystel Kirou
ABN	59 151 155 734
Registered and Principal Office	Suite 1/9 Hampden Road Nedlands WA 6009 Tel: +61 8 9386 8382 Fax: +61 8 6183 4892
Postal Address	Suite 1/9 Hampden Road Nedlands WA 6009
Website	www.santafeminerals.com.au
Auditors	HLB Mann Judd Chartered Accountants Level 4,130 Stirling Street Perth WA 6000
Solicitors	DLA Piper Australia Level 31, Central Park 152-158 St Georges Terrace Perth WA 6000
Share Register	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Tel: +61 8 9389 8033
Securities Exchange Listing	Australian Securities Exchange Limited (ASX: SFM) Level 40, Central Park 152-158 St George's Terrace Perth WA 6000

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Directors' Report

The directors present their report together with the consolidated financial statements of the Group comprising of Santa Fe Minerals Limited ("SFM" or the "Company") and its subsidiaries for the year ended 30 June 2020.

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

Directors

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

Mr Mark Jones
Mr Douglas Rose
Mr Terence Brown

Qualifications, Experience and Special Responsibilities of Directors

Mark Jones (Chairman/Non-Executive Director)

Mr. Jones has been the Non-Executive Chairman of Santa Fe Minerals Limited since the company floated on the Australian Stock Exchange in October 2011. He was instrumental in the listing of the company and subsequent capital raisings. Mr. Jones was previously a Non-Executive Director (Private Clients) of Patersons Securities Limited and brings 30 years' of capital markets experience to the Board.

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

Oakajee Corporation Limited - current directorship

Douglas Rose (Executive Director)

Mr. Rose was appointed to the board of the Company in March 2013 as a Non-Executive director. He has been the Managing director of Santa Fe Minerals since 1 July 2013 and oversaw the restructure and sale of the ATM business. Prior to his appointment as Managing Director, Mr. Rose was a Private Client Adviser with Patersons Securities Limited. He holds a Bachelor of Commerce degree from Curtin University and has over 16 years' experience in the financial services industry.

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

Oakajee Corporation Limited - current directorship

Terence Brown (Non-Executive Director)

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

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

Company Secretary

Krystal Kirou

Ms Kirou holds a Bachelor of Commerce degree from the University of Western Australia and has 12 years' experience in financial reporting and corporate services. She is a member of CPA Australia and the Governance Institute of Australia. Ms Kirou is an employee of Nexia Perth, a mid-tier corporate advisory and accounting practice, and has held similar secretarial roles in various other listed and non-listed companies.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Directors' Report

Directors' Interests

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

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

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

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

At the date of this report there are 1,750,000 unissued ordinary shares of the Company under option. These options have an expiry date of 30 September 2020.

Dividends

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

Principal activities

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

Directors' Report

Review of operations

Exploration Operations

During the year, the Group continued exploration across numerous targets - Mt Carron (Copper/Zinc), Yalanga Bore (Copper/Zinc), Windsor North (Gold), Outcamp Well (Gold), and Watsons Well (Vanadium). Refer to figure 1 below.

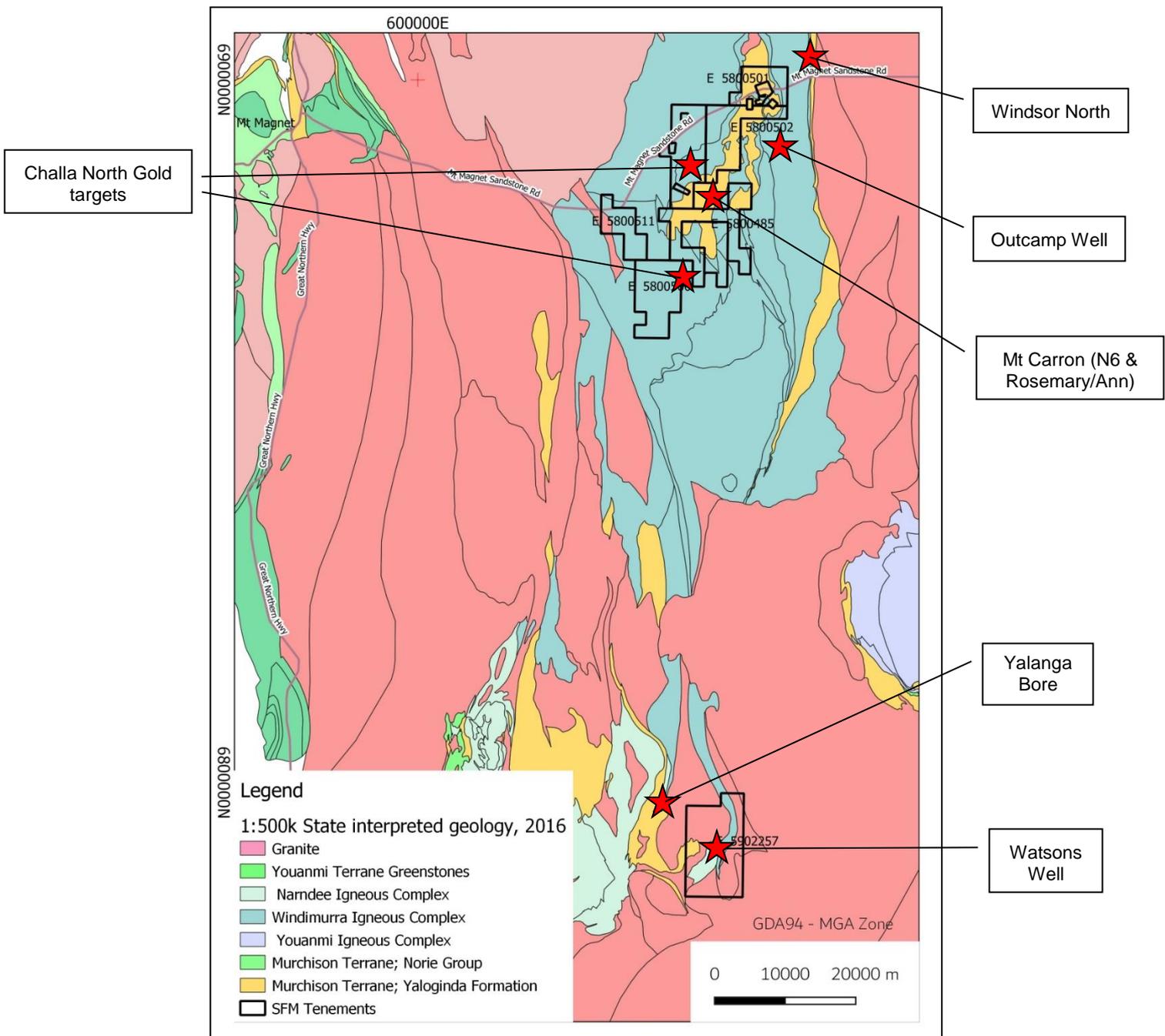


Figure 1 - Challa Project area

Directors' Report

Review of operations (continued)

Mt Carron Copper - Zinc Target

During the year, RC drilling was undertaken and a total of 4 RC drill holes for 361m were completed at the Mt Carron copper - zinc target.

RC holes, MCRC001 to 004, were drilled to test a 500m long combined Fixed Loop Electromagnetic (FLEM) target (refer to figure 2 below).

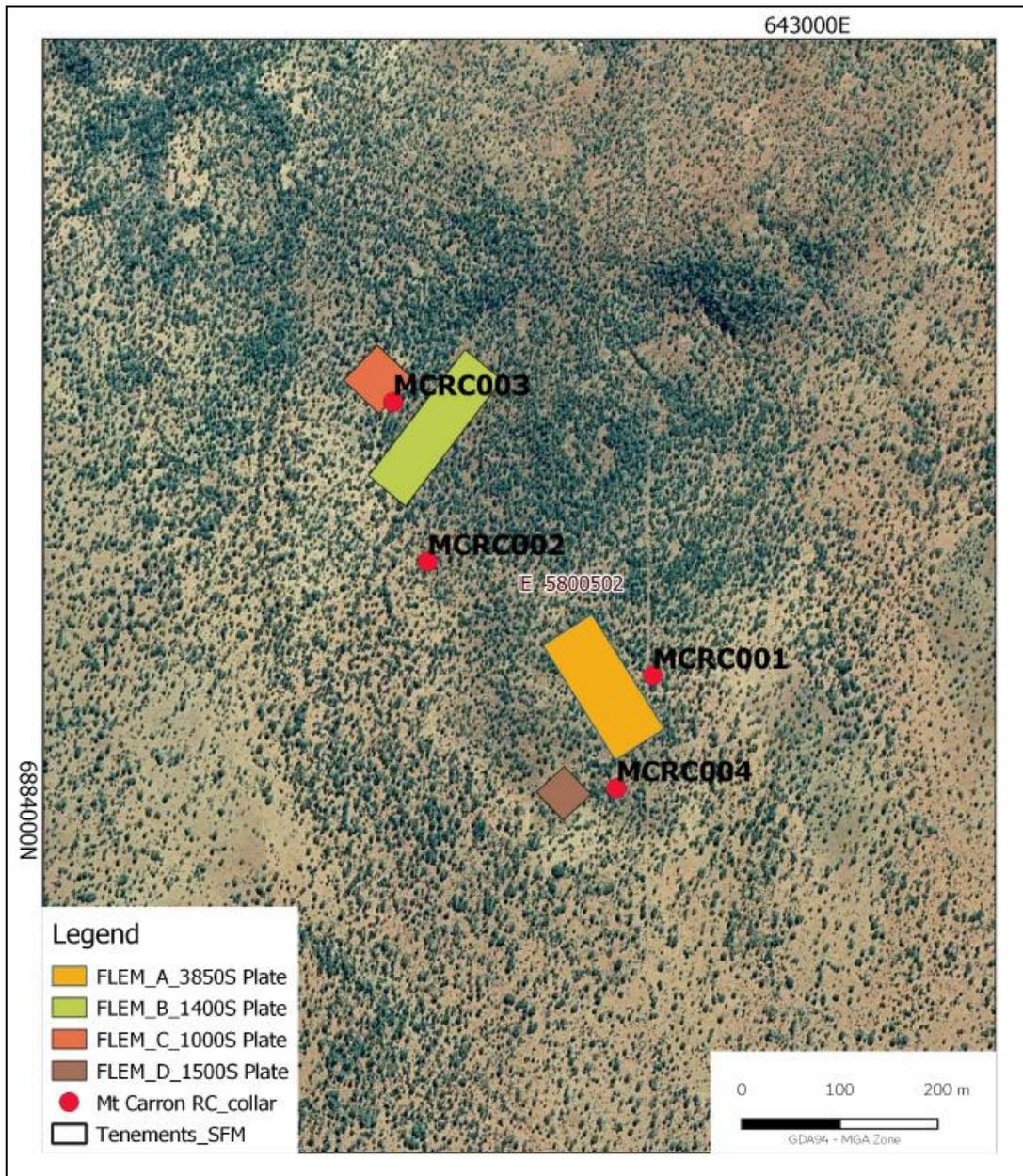


Figure 2 - Mt Carron FLEM conductor plates and SFM RC drill holes

A Fixed Loop Electromagnetic (FLEM) survey completed over the Mt Carron (N6) target in (refer to ASX announcement dated 16 September 2019) returned two strong and two moderate conductors in an area of 500m x 200m. The top of the modelled conductors range from 50-100m depth. The Mt Carron target had not previously been drilled and is located 1.4km south of the outcropping Rosemary and Ann copper zinc prospects.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Directors' Report

Review of operations (continued)

MCRC001 was drilled to intersect the FLEM A modelled plate at 100m depth. The drill hole intersected the approximate middle of the modelled plate with disseminated to patchy pyrite and pyrrhotite logged from 84m to 108m hosted in chert and shale above a altered felsic volcanic unit. Zinc mineralisation of 0.54% was intersected in the upper part of the sulphide zone from 84m to 96m.

MCRC002 was drilled to intersect the FLEM B modelled plate at 80m depth. The hole trajectory steepened from the planned dip and was drilled under the south western side of the modelled plate position. A narrow zone of pyrite and pyrrhotite logged from 56-72m is at the approximate depth of the projected plate position considered to represent similar mineralisation to that expected within the modelled plate.

MCRC003 was drilled to intersect the FLEM C modelled plate at 50m depth. Due to access issues the hole collar was moved to the south eastern edge of the plate and drilled vertically. MCRC003 intersected the edge of the modelled FLEM C plate about 25m north east of the upper edge of the FLEM B plate. Disseminated to patchy pyrite and pyrrhotite was logged at the expected position from 48-64m hosted in chert and shale above an altered felsic volcanic unit.

MCRC004 was drilled to test the FLEM D modelled plate at 120m down hole depth. Due to drill rig technical issues, the hole was abandoned at 45m.

Assay results were received subsequent to the end of the half year and results are shown in Table 1 below.

Hole ID	Collar N (MGA)	Collar E (MGA)	Collar RL	Dip	Azimuth	Total Depth	Depth From (m)	Depth To (m)	Downhole Intersection (m)	Au (ppb)	Ag (ppm)	Cu (ppm)	Zn (ppm)	S (ppm)
MCRC 001	6884139	642842	480	-60	270	124	84	96	12	19	NSR	NSR	5477	26433
MCRC 002	6884256	642614	461	-50	350	110	44	48	4	87	5.5	1480	4690	6050
MCRC 002							64	68	4	NSR	NSR	NSR	1610	17500
MCRC 003	6884420	642579	455	-90	360	82	48	64	16	NSR	NSR	NSR	NSR	19275
MCRC 004	6884023	642805		-60	270	45	Hole abandoned			NSR	NSR	NSR	NSR	NSR

Table 1 - Mt Carron RC drill hole results

In light of the lack of ore grade mineralisation in the results observed, the Company chose to relinquish part of exploration licence E58/502, including the Mt Carron prospect.

Directors' Report

Review of operations (continued)

Yalanga Bore Copper - Zinc Target



Figure 3 - Yalanga Bore MLEM conductor SFM RC collar positions.

A Moving Loop Electromagnetic (MLEM) survey completed at Yalanga Bore identified a steeply dipping conductor adjacent to historic shallow drilling with reported strongly anomalous copper and zinc (refer to ASX announcement dated 16 September 2019). The modelled position of the MLEM conductor would not have been tested by the previous drilling.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Directors' Report

Review of operations (continued)

Holes YBRC001 and YBRC001A were drilled to test the YB MLEM C1 modelled conductor plate. YBRC001 was abandoned at 45m depth due to a drift in the hole azimuth which would result in the hole missing the target. YBRC001A was collared with a corrected azimuth and intersected immediately below the modelled plate position. Disseminated pyrite, pyrrhotite and trace chalcopyrite was logged from 112m to 117m corresponding with the best result of 8m from 112m @ 0.24% Cu and 0.2% Zn.

Hole ID	Collar N (MGA)	Collar E (MGA)	Collar RL	Dip	Azimuth	Total Depth	Depth From (m)	Depth To (m)	Downhole Intersection (m)	Au (ppb)	Ag (ppm)	Cu (ppm)	Zn (ppm)	S (ppm)
YBRC 001A	6796841	632432	458	-60	135	149	112	120	8	15	2.5	2405	2003	40350
YBRC 001	6796841	632434	458	-60	130	28	Hole abandoned	28		No assays				

Table 2 - Yalanga Bore RC drill hole results

In light of the lack of ore grade mineralisation in the results observed, the Company chose to relinquish the exploration licence E59/2125, including the Yalanga Bore prospect.

Windsor North and Outcamp Well Gold Targets

The structures that host the Windsor (excised) and Pioneer gold prospects located in the north eastern side of the Challa project, are interpreted to be part of the Wyemadoo shear which extends for 30km north south within the Company's tenure. Apart from small areas of outcrop at the Windsor and Pioneer gold prospects, the shear is concealed beneath shallow sheet-wash cover and thus was not available to historic gold prospecting and surface geochemical methods.

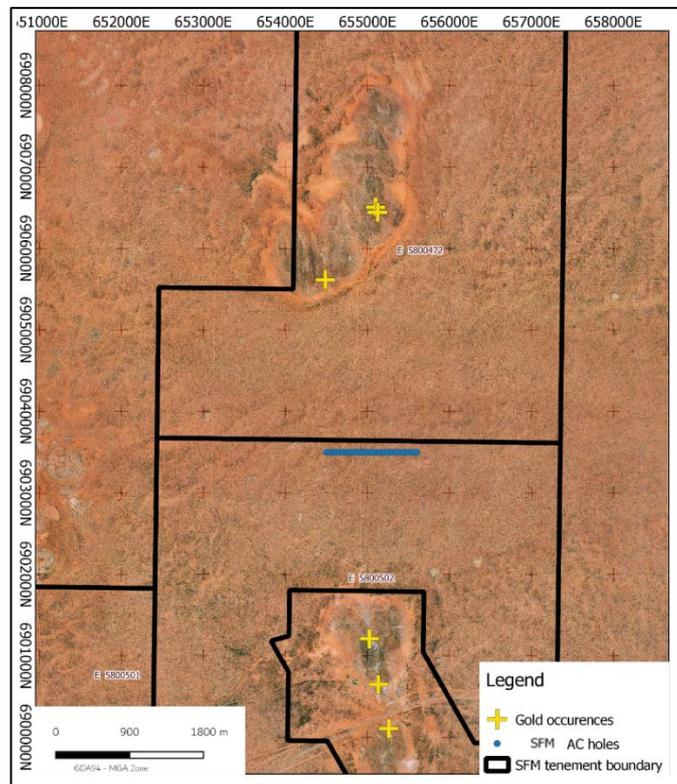


Figure 4 - Windsor North Gold Target showing Aircore (AC) drill hole locations over satellite image.

Directors' Report

Review of operations (continued)

The Outcamp Well gold target is located from 6km to 16km south-south-west of the Windsor North gold target. The Outcamp Well target is completely concealed beneath sheet wash cover. It is an 11km long x maximum 2.5km wide lozenge shaped area of low magnetic relief situated between the Wyemandoo Shear to the east and the Windimurra Igneous Complex to the west.

In 2006, Maximus Resources Ltd drilled two lines of Aircore holes. One to the west of the Outcamp Well target for no significant result. The second line 5km further south at the southern end of the SFM Outcamp Well target area returned a best result of 143ppb Au. This appears to be along strike from the proposed drilling.

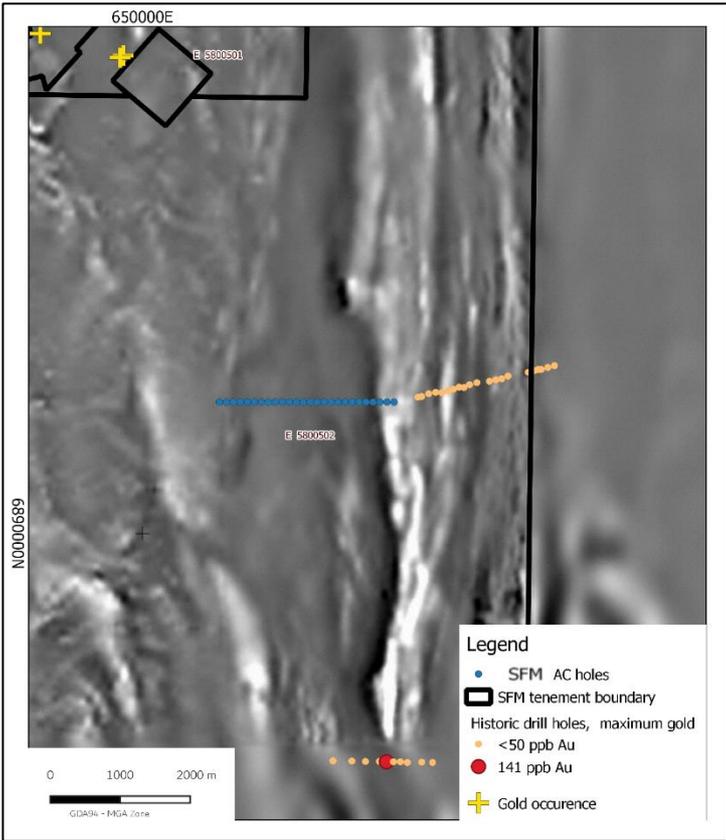


Figure 5 - Outcamp Well Gold Target with AC drill hole collars and historic drilling.

A total of 24 AC drill holes for 1,648m was completed at the Windsor and Outcamp Well targets, much less than the planned 49 holes and 3,000m (refer to announcement dated 21 October 2019). The reduced program was due to thicker than anticipated cover sequence of lacustrine clays locally in excess of 80m depth.

All assays have been returned with no significant results. The Company completed a technical review of its Windsor and Outcamp Well prospects and relinquished both target areas.

Directors' Report

Review of operations (continued)

Watsons Well - Vanadium

Previous mapping by the Company discovered meta-gabbro outcrop and magnetite banding at Watson's Well. A preliminary MAGLAG and rock chip sampling program revealed a peak rock chip assay returning 1.64% Vanadium Pentoxide (V₂O₅) - (refer to the Company's ASX announcement dated 15 May 2018).

In 2018, an initial mapping and surface sampling program was conducted across the priority zones of the anomaly. MagLag sampling on a 250m by 100m grid was undertaken over a 2.4km² area. Rock chip samples were also taken from outcropping magnetite. Assay results from the September program are shown in Figures 6 and 7 below (refer to the Company's ASX announcement dated 14 November 2018).

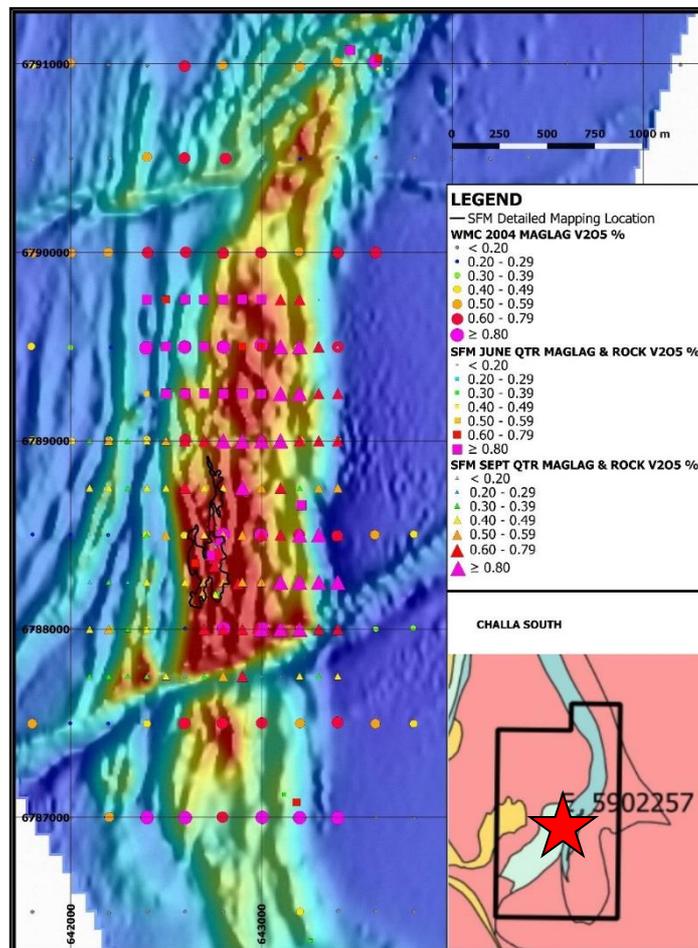


Figure 6 - V₂O₅ MagLag and rock chip sampling assay results and location of detailed mapping location at Watson's Well Prospect.

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

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

Directors' Report

Review of operations (continued)

The Company's geochemical data (MagLag and rock chip V₂O₅ content) does not show a direct correlation with the magnetic intensity image. The strongest magnetic intensity is not associated with the highest V₂O₅ assay grade and is more likely reflecting regolith dispersion of the magnetite scree by weathering and surface transport processes.

The MagLag samples completed across the magnetic anomaly display a consistent elevated >0.60% V₂O₅ anomaly. Grade variation from insitu rock chip data collected to date for the cumulate magnetite layers vary between 1.64% and 0.31% V₂O₅ (22 samples); meta-gabbro containing minor magnetite vary between 0.09% to 0.03% V₂O₅ (9 samples) and meta-gabbro containing common magnetite vary between 0.69% to 0.13% V₂O₅ (12 samples).

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

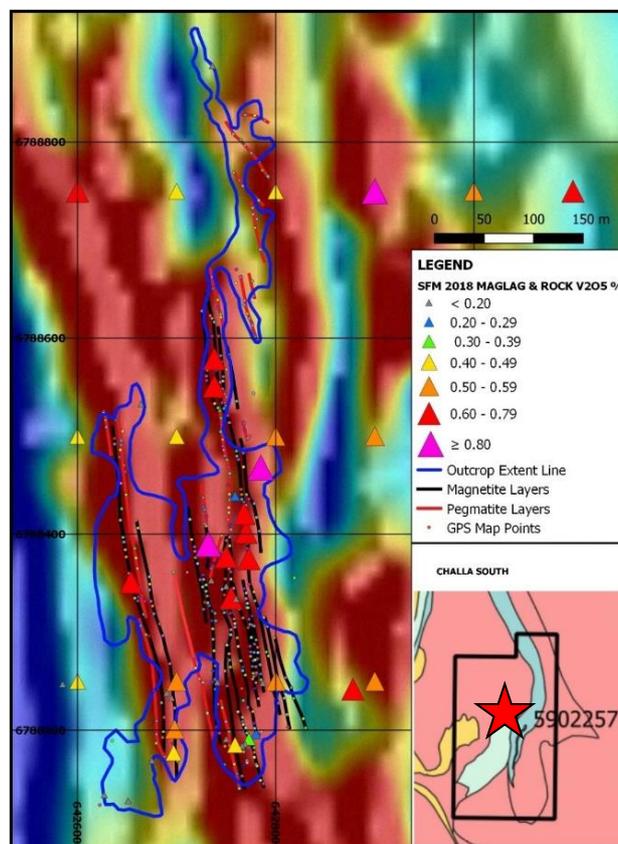


Figure 7 - V₂O₅ MagLag and rock chip sampling assay results and detailed outcrop mapping at Watson's Well Prospect.

The eastern side of the magnetic anomaly is proposed to represent the lower section of the Shephards Discordant Zone (SDZ) that contains higher V₂O₅ weight content magnetite relative to TiO₂ weight content. Due to the transported cover and surface dispersion of the residual soils, the magnetic image is not reflecting the true location or intensity of the highest V₂O₅ grade magnetite layers. The lower zone of the SDZ on the eastern side of the magnetic anomaly has the potential of being the more prospective side; however only drill testing can confirm the interpretation and provide representative assay data.

The exposed western magnetite layers may represent the more evolved upper magnetite units with potentially lower V₂O₅ weight content relative to TiO₂ weight content magnetite units of the SDZ.

The Company plans to conduct further mapping prior to planning the next phase of exploration.

Directors' Report

Review of operations (continued)

Challa North Regional Gold Targets

An ongoing evaluation of the Company's Challa Project data base has highlighted several areas for additional gold exploration in covered areas along strike from known gold occurrences. Previous gold exploration of the Company's tenure was restricted to areas of shallow soils adjacent to known gold occurrences. These areas were tested by soil sampling which highlighted numerous areas of gold anomalism. Some of the gold anomalies were followed up by first pass slim-line reverse circulation drilling. The best result returned from this work was 3.74g/t gold (refer to the Company's ASX announcements dated 6 August 2018 and 14 November 2018).

These gold zones are associated with north and north-east trending structures which clearly extend under recent transported cover in areas with no effective exploration (Figure 8).

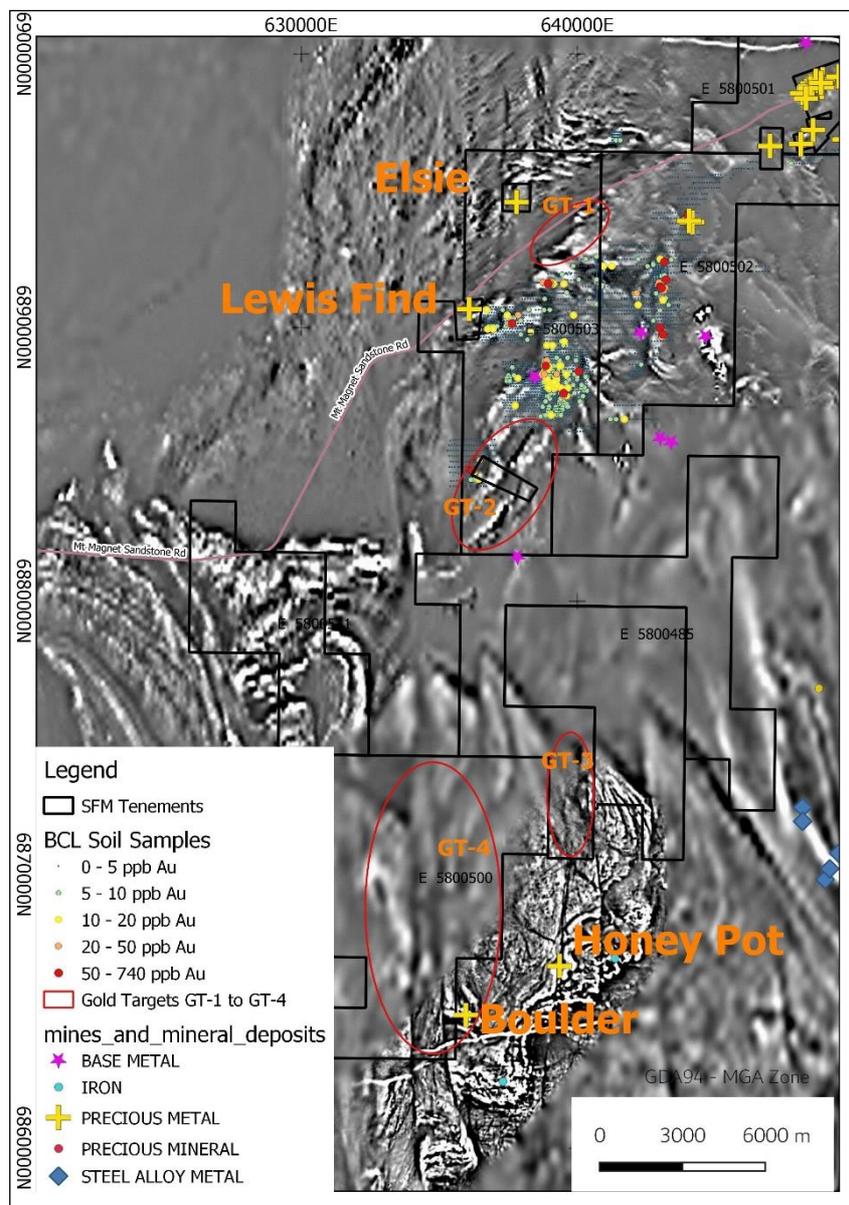


Figure 8 - Challa North regional gold exploration targets (GT1-4) and historic excised prospects - Elsie, Lewis Find, Honey Pot and Boulder

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Directors' Report

Review of operations (continued)

The southern two SFM gold target areas in E58/500 and E58/485, are located along the strike of north trending structures associated with the Boulder and Honey Pot gold prospects (excised) which returned drilling results up to 8m @ 2.03g/t Au from 12 m in HAC022 (refer to Flinders Mines Limited ASX announcement on 31 July 2015). These are large targets with 10km and 5km of strike respectively, containing multiple potentially gold mineralised structures.

The target areas are under transported cover not amenable to surface sampling techniques and future exploration will require target specific air-core drilling. The Company is currently refining targets and its drilling plans.

Greenfields exploration and ground rationalisation

During the year, the Company conducted extensive reviews across its existing tenure.

A number of potential prospects have been identified for follow up work. The Company also reviewed prior targets with the aim of rationalising the existing land portfolio.

During the year ended 30 June 2020, the Company relinquished 945.64km² of ground including the downgraded prospects at Outcamp Well, Mt Carron and Yalanga Bore. The Company retains seven exploration licences totaling 463km² which are listed below:

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

COMPLIANCE STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr. Reginald Beaton who is a Member of the Australian Institute of Geoscientists. Mr. Beaton is an employee of Santa Fe Minerals Limited and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Beaton consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears. All technical information in this report has previously been released to ASX, see the following announcements: 28 July 2020 – "Quarterly Activities Report for the Period ended 30 June 2020", 30 April 2020 – "Quarterly Activities Report for the Period ended 31 March 2020", 19 February 2020 - "Exploration Update - Challa Base Metals Targets", 15 January 2020 - "Drilling Completed at Challa Base Metal VMS Targets", 19 December 2019 - "Drilling Commences at Challa Base Metal VMS Targets", 21 October 2019 - "Aircore Drilling Commences at Challa Gold Targets"; 16 September 2019 - "Strong Electromagnetic Conductors Identified at Challa". The Company is not aware of any new information or data that materially affects the information included in the above.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Directors' Report

Operating Performance

The net loss after income tax attributable to members of the Company for the financial year ended 30 June 2020 was \$974,225 (30 June 2019: \$784,110). At 30 June 2020, the Company had net assets of \$4,720,028 (30 June 2019: \$5,694,253).

The table below shows the key operating outcomes achieved as compared with the previous two comparative periods to 30 June 2020:

	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Other income	109	107	151
Net (loss)/profit before tax	(974)	(784)	(1,243)
Net (loss)/profit after tax	(974)	(784)	(1,243)
Share price at start of year	\$0.09	\$0.22	\$0.12
Share price at end of year	\$0.062	\$0.09	\$0.22
Basic loss per share (cents)	\$1.34	\$1.08	\$1.82
Diluted loss per share (cents)	\$1.34	\$1.08	\$1.82

Financial Position

As at 30 June 2020, the Company had cash and cash equivalents of \$4,397,616 and net assets of \$4,720,028.

Significant changes in the state of affairs

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

Significant events after balance date

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

Likely developments and expected results

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

Environmental legislation

The Group is not subject to any significant environmental legislation.

Indemnification and insurance of directors and officers

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

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

Santa Fe Minerals Limited

30 June 2020 Annual Financial Report

Directors' Report

Remuneration Report - audited

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the key management personnel of Santa Fe Minerals Limited for the financial year ended 30 June 2020. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

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

Key Management Personnel

Mr Mark Jones - Director since May 2011
Mr Douglas Rose - Director since March 2013
Mr Terence Brown - Director since August 2017

Remuneration philosophy

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

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

Remuneration structure

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

Non-executive director remuneration

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

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

Each director receives a fee for being a director of the Company. The remuneration of the non-executive directors for the year ended 30 June 2020 is detailed in Table 1 of this report.

Senior manager and executive director remuneration

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

Fixed Remuneration

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

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

Performance Based Remuneration

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Directors' Report

Remuneration Report (continued)

Variable Remuneration

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

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

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

Service Agreements

The Company entered into a new Executive Services Agreement with Mr Rose on 29 April 2020 which replaces the previous Executive Services Agreement dated 16 June 2014 and subsequent variations dated 1 July 2016 and 24 May 2018.

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

Bonuses

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

Remuneration of Key Management Personnel

Table 1: Key Management Personnel remuneration for the years ended 30 June 2020 and 30 June 2019.

		Short-term employee benefits		Post employment benefits	Other long-term benefits	Share-based payments	Total \$	Relative proportion of remuneration linked to performance	
		Salary & Fees \$	Bonus \$	Super-annuation \$	Other \$	Shares \$		Fixed \$	Performance linked \$
Mark Jones	2020	100,000	-	9,500	-	-	109,500	100%	-
	2019	100,000	-	9,500	-	-	109,500	100%	-
Douglas Rose	2020	100,000	-	9,500	-	-	109,500	100%	-
	2019	100,000	-	9,500	-	-	109,500	100%	-
Terence Brown	2020	20,000	-	1,900	-	-	21,900	100%	-
	2019	20,000	-	1,900	-	-	21,900	100%	-
Andrew Quin ¹	2020	-	-	-	-	-	-	-	-
	2019	6,250	-	594	-	-	6,844	100%	-
TOTAL	2020	220,000	-	20,900	-	-	240,900	100%	-
	2019	226,250	-	21,494	-	-	247,744	100%	-

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

Share Option Plans

There were no share options issued during the financial year.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Directors' Report

Remuneration Report (continued)

Share-based compensation to Key Management Personnel

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

Shareholdings of Key Management Personnel

30 June 2020	Balance at beginning of year	Granted as remuneration	Net Change	Other	Balance at end of year
<i>Directors:</i>					
Mark Jones	5,860,000	-	-	-	5,860,000
Douglas Rose	4,549,748	-	-	-	4,549,748
Terence Brown	-	-	-	-	-
	<u>10,409,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,409,748</u>

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

Loans to Key Management Personnel

There were no loans provided to key management personnel during the financial year or outstanding at balance date (2019: nil).

Other transactions with Key Management Personnel

There were no other transactions with key management personnel during the financial year or outstanding at balance date.

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

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

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. No guarantees have been provided or received for any related party receivables or payables. For the year ended 30 June 2020, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties (2019: nil).

END OF REMUNERATION REPORT

Directors' Meetings

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

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

Proceedings on behalf of the Company

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Directors' Report

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 20 and forms part of this directors' report for the year ended 30 June 2020.

Non-Audit Services

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

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

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

A handwritten signature in black ink, appearing to read 'Mark Jones', with a large, sweeping flourish extending downwards and to the right.

Mark Jones
Non-Executive Chairman

10 September 2020
Perth, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Santa Fe Minerals Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
10 September 2020

B G McVeigh
Partner

hl**b.com.au**

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Liability limited by a scheme approved under Professional Standards Legislation.

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Continuing operations			
Other income	2	109,120	106,723
Employee benefits expense	2	(351,554)	(372,454)
Depreciation	10	(19,147)	(25,464)
Exploration expenditure		(347,641)	(313,005)
Impairment of deferred exploration expenditure	11	(220,531)	-
Other expenses	2	(287,059)	(341,609)
Fair value (loss)/gain on FVTPL assets	16	142,587	161,699
Loss before income tax expense		(974,225)	(784,110)
Income tax expense	3	-	-
Loss after tax		(974,225)	(784,110)
Other Comprehensive Income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(974,225)	(784,110)
Basic loss per share (cents)	5	(1.34)	(1.08)
Diluted loss per share (cents)	5	(1.34)	(1.08)

The accompanying notes form part of these financial statements.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Consolidated Statement of Financial Position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current Assets			
Cash and cash equivalents	6	4,397,616	4,774,500
Trade and other receivables	7	40,058	23,687
Other financial assets	8	14,374	6,561
Total Current Assets		4,452,048	4,804,748
Non-Current Assets			
Assets classified as FVTPL	16	38,587	387,175
Deferred exploration expenditure	11	300,536	521,067
Property, plant and equipment	10	44,681	59,781
Total Non-Current Assets		383,804	968,023
Total Assets		4,835,852	5,772,771
Liabilities			
Current Liabilities			
Trade and other payables	12	51,547	32,193
Provisions	14	64,277	46,325
Total Current Liabilities		115,824	78,518
Total Liabilities		115,824	78,518
Net Assets		4,720,028	5,694,253
Equity			
Issued capital	15	14,757,954	14,757,954
Reserves	15	76,067	76,067
Accumulated losses		(10,113,993)	(9,139,768)
Total Equity		4,720,028	5,694,253

The accompanying notes form part of these financial statements.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Consolidated Statement of Changes in Equity
For the year ended 30 June 2020

	Issued capital \$	Fair value reserve \$	Share based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2018	14,757,954	196,078	76,067	(8,551,736)	6,478,363
Adjustment on initial application of AASB 9	-	(196,078)	-	196,078	-
	14,757,954	-	76,067	(8,355,658)	6,478,363
Loss for the year	-	-	-	(784,110)	(784,110)
Other comprehensive income for the year, net of income tax	-	-	-	-	-
Total comprehensive loss for the year, net of income tax	-	-	-	(784,110)	(784,110)
Balance at 30 June 2019	14,757,954	-	76,067	(9,139,768)	5,694,253
Balance at 1 July 2019	14,757,954	-	76,067	(9,139,768)	5,694,253
Loss for the year	-	-	-	(974,225)	(974,225)
Other comprehensive income for the year, net of income tax	-	-	-	-	-
Total comprehensive loss for the year, net of income tax	-	-	-	(974,225)	(974,225)
Balance at 30 June 2020	14,757,954	-	76,067	(10,113,993)	4,720,028

The accompanying notes form part of these financial statements.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Consolidated Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Interest received		69,510	104,297
Government grants		21,534	-
Other receipts from customers		803	-
Payments to suppliers and employees		(507,153)	(604,995)
Exploration and evaluation expenditure		(448,706)	(429,295)
Net cash outflow from operating activities	6	(864,012)	(929,993)
Cash flows from investing activities			
Payments for plant and equipment		(4,047)	(22,773)
Payments for FVTPL assets		(808,658)	(1,299,781)
Proceeds from disposal of FVTPL assets		1,299,833	2,214,226
Net cash inflow from investing activities		487,128	891,672
Net decrease in cash held		(376,884)	(38,321)
Cash and cash equivalents at beginning of year		4,774,500	4,812,821
Cash and cash equivalents at end of year	6	4,397,616	4,774,500

The accompanying notes form part of these financial statements.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

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

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

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2020

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2019.

As a result of this review, the Group has applied AASB 16 Leases from 1 July 2019.

AASB 16 replaces AASB 117 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities.

As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019. A lessee can choose to apply the Standard using a full retrospective or modified retrospective approach.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative periods as the short term lease exemption in AASB 16 was utilised.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 10 September 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) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Santa Fe Minerals Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Santa Fe Minerals Limited and its subsidiaries are referred to in this financial report as the Group. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting estimates and judgments

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

Recovery of deferred tax assets

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

Share-based payment transactions

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

Exploration and evaluation expenditure

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

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

(f) Exploration and evaluation expenditure

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue Recognition

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

Interest income

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

Grant revenue

Grant revenue is recognised when it is received or when the right to receive payment is established. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(h) Borrowing costs

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

(i) Leases

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 Group 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 remeasurement of lease liabilities. The Group 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 Group's incremental borrowing rate. Lease payments comprise 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.

(j) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

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

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

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

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

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

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

Tax consolidation legislation

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

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Other taxes

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

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

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

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

(l) Business combinations

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

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

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

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

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

(m) Impairment of tangible and intangible assets

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of tangible and intangible assets (continued)

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

(n) Cash and cash equivalents

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

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

(o) Trade and other receivables

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

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

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

(p) Financial assets

Recognition and derecognition

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

Classification and initial measurement of financial assets

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

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

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

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

The classification is determined by both:

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial assets (continued)

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

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment of financial assets

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial assets (continued)

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

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

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

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

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

Trade and other receivables and contract assets

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

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

Classification and measurement of financial liabilities

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

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

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

(q) Investment in associates and joint ventures

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

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

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

(r) Property, plant and equipment

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

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

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

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Property, plant and equipment (continued)

Impairment

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

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

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

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

Derecognition and disposal

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

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

Impairment losses recognised for goodwill are not subsequently reversed.

(s) Trade and other payables

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

(t) Provisions

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

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

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

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

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

(u) Employee leave benefits

Wages, salaries and annual leave

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

Long service leave

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Share-based payment transactions

Equity settled transactions:

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

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

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

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

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

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

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

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

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

(x) Issued capital

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

(y) Earnings per share

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

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

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Parent entity financial information

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

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

(aa) Going concern

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

NOTE 2: REVENUE AND EXPENSES

	2020	2019
	\$	\$
Other income		
Interest received	54,497	106,723
Government grants	53,820	-
Other income	803	-
	109,120	106,723
Employee benefits expense		
Wages, salaries and director fees	304,660	342,540
Superannuation	28,943	31,327
Other personnel expenses	-	1,426
Leave entitlement expense adjustment	17,951	(2,839)
	351,554	372,454
Other expenses		
ASX fees	26,167	31,478
Contractors and consultants	70,282	84,816
Auditor's remuneration	31,854	28,156
Insurance	30,643	25,281
Legal fees	332	313
Occupancy costs	20,123	17,270
Travel	35,625	69,156
IT costs	10,432	13,946
Share registry fees	5,164	4,819
Other	56,437	66,374
	287,059	341,609

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 3: INCOME TAX

	2020	2019
	\$	\$
<i>Income tax recognised in profit or loss</i>		
Current tax expense	-	-
Benefit arising from previously unrecognised tax losses of a prior period that is used to reduce current tax	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
Deferred tax expense / (income)	-	-
Income tax expense	<u>-</u>	<u>-</u>

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

Accounting profit / (loss) before income tax	<u>(974,225)</u>	<u>(784,110)</u>
Income tax at 30%	(292,267)	(235,233)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible expenses	4,929	1,897
Non-assessable income	(16,146)	-
Adjustments recognised in the current year in relation to current tax of prior years	70,343	-
Effect of previously unrecognised tax losses	-	-
Temporary differences not recognised	<u>233,141</u>	<u>233,336</u>
Income tax expense	<u>-</u>	<u>-</u>

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

	2020	2019
	\$	\$
Current tax assets comprise:		
Income tax receivable	<u>-</u>	<u>-</u>
Current tax liabilities comprise:		
Income tax payable	<u>-</u>	<u>-</u>

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 3: INCOME TAX (continued)

Deferred Tax Balances

At 30 June 2020, net deferred tax assets of \$1,144,851 (2019: \$911,710) have not been recognised in terms of AASB112 *Income Taxes*. The Company does not currently have revenue generating activities and therefore it may not have future taxable profit available against which the deductible temporary differences and unused tax losses comprising this net deferred tax amount may be utilised.

Unrecognised deferred tax assets and liabilities as at 30 June 2020 comprise:	Deferred tax assets	Deferred tax liabilities	Net
	\$	\$	\$
Financial assets	62,070	(42,776)	19,294
Trade and other receivables	-	(912)	(912)
Prepayments	-	(2,794)	(2,794)
Property, plant & equipment	-	(735)	(735)
Intangible assets	-	(31,361)	(31,361)
Trade and other payables	6,000	-	6,000
Employee benefits	19,347	-	19,347
Unused tax losses	1,096,728	-	1,096,728
Other future deductions	39,284	-	39,284
Unrecognised deferred tax assets / (liabilities) before set-off	1,223,429	(78,578)	1,144,851
Set-off of deferred tax liabilities	(78,578)	78,578	-
Net unrecognised deferred tax asset	1,144,851	-	1,144,851

In addition to the assessed loss and other net future income tax deductions on which deferred tax has not been recognised at 30 June 2020 as set out in the table above, the Company also has accumulated capital losses of \$1,677,662 on which deferred tax has not been recognised. Such capital losses may only be utilised against potential future capital gains.

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 4: SEGMENT REPORTING

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

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

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

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

NOTE 5: EARNINGS PER SHARE

	2020	2019
	Cents per share	Cents per share
<i>Loss per share:</i>	(1.34)	(1.08)
<i>Diluted loss per share:</i>	(1.34)	(1.08)

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

	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	72,818,789	72,818,789
	\$	\$
(Loss) / profit used in the calculation of total basic and diluted earnings per share are as set out in the statement of comprehensive income as follows:	(974,225)	(784,110)

NOTE 6: CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank	356,179	937,205
Short-term deposits	4,041,437	3,837,295
	4,397,616	4,774,500

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

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

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

<i>Reconciliation of profit/ (loss) for the year to net cash flows from operating activities:</i>	2020	2019
	\$	\$
Loss for the year	(974,225)	(784,110)
Depreciation	19,147	25,464
Write off of exploration expenditure	220,531	-
(Gain)/loss on fair value of FVTPL assets	(142,587)	(161,699)
(Increase)/decrease in assets:		
Trade and other receivables	(16,370)	7,782
Other financial assets	(7,812)	13,890
Increase/(decrease) in liabilities:		
Trade and other payables	19,353	(28,481)
Provisions	17,951	(2,839)
Net cash outflow from operating activities	(864,012)	(929,993)

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
Accrued interest	3,039	18,051
GST receivable	3,413	5,636
Government grant receivable	32,286	-
Other receivables	1,320	-
	40,058	23,687

As at 30 June 2020, no provision for doubtful debts was required (2019: nil). There are no receivables which are past due or impaired.

NOTE 8: OTHER FINANCIAL ASSETS

	2020	2019
Current	\$	\$
Prepayments and deposits	14,374	6,561

NOTE 9: SHARE BASED PAYMENTS

Options

The following options were issued as part consideration for the acquisition of the Group's tenements and have fully vested as at 30 June 2020.

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

NOTE 9: SHARE BASED PAYMENTS (continued)

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

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

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

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

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

	2020 No.	2020 Weighted average exercise price	2019 No.	2019 Weighted average exercise price
Outstanding at the beginning of the year	1,750,000	0.20	1,750,000	0.20
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during period	-	-	-	-
Outstanding at the end of the year	1,750,000	0.20	1,750,000	0.20
Exercisable at the end of the year	-	-	-	-

The outstanding balance as at 30 June 2020 is represented by 1,750,000 options over ordinary shares with a weighted average exercise price of \$0.20 each, exercisable upon vesting and until the relevant expiry dates.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2020 is 0.25 years (2019: 1.25 years).

The range of exercise prices for options outstanding at the end of the year is \$0.20 - \$0.20 (2019: \$0.20 - \$0.20).

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Other Assets	Total
	\$	\$	\$
Net carrying amount:			
Balance at 1 July 2018	59,150	3,322	62,472
Additions	22,773	-	22,773
Disposals	-	-	-
Depreciation	(24,164)	(1,300)	(25,464)
Balance at 30 June 2019	57,759	2,022	59,781

At 30 June 2019:

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

Net carrying amount:

Balance at 1 July 2019	57,759	2,022	59,781
Additions	-	4,047	4,047
Disposals	-	-	-
Depreciation	(17,550)	(1,597)	(19,147)
Balance at 30 June 2020	40,209	4,472	44,681

At 30 June 2020:

Cost	89,537	15,156	104,693
Accumulated depreciation	(49,328)	(10,684)	(60,012)
Net carrying amount	40,209	4,472	44,681

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2020	2019
	\$	\$
Balance at beginning of period	521,067	521,067
Expenditure written off	(220,531)	-
Total deferred exploration and evaluation expenditure	300,536	521,067

Capitalised exploration expenditure relating to the surrender of exploration licences or where rights to tenure is not current have been written off in full during the year. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 12: TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Trade and other payables	51,547	32,193

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 13: COMMITMENTS AND CONTINGENCIES

Exploration commitments

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

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

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

	2020	2019
	\$	\$
Within one year	220,500	532,500

Capital commitments

There are no commitments contracted for at balance date but not recognised as liabilities at 30 June 2020 (2019: nil).

Contingent consideration liability

There were no contingent liabilities at the date of signing this report (2019: nil).

NOTE 14: PROVISIONS

	2020	2019
	\$	\$
Annual leave	50,410	46,325
Long service leave	13,867	-
	64,277	46,325

NOTE 15: ISSUED CAPITAL AND RESERVES

	2020	2019
	\$	\$
Issued Capital		
72,818,789 Fully paid ordinary shares (30 June 2019: 72,818,789)	14,757,954	14,757,954

	Year to 30 June 2020		Year to 30 June 2019	
	Number	\$	Number	\$
<i>Movements in ordinary shares</i>				
Balance at beginning of year	72,818,789	14,757,954	72,818,789	14,757,954
Issue of fully paid ordinary shares	-	-	-	-
Share issue costs	-	-	-	-
Balance at end of year	72,818,789	14,757,954	72,818,789	14,757,954

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 15: ISSUED CAPITAL AND RESERVES (continued)

Nature and purpose of reserves

Share-based payments reserve

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

	2020	2019
	\$	\$
Share-based payments reserve	<u>76,067</u>	<u>76,067</u>

NOTE 16: FINANCIAL INSTRUMENTS

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

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

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

The following tables shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 30 June 2020 and 30 June 2019.

	Year to 30 June 2020 Fair value	Year to 30 June 2019 Fair value	Fair value hierarchy	Valuation technique
	\$	\$		
Equity investments designated at FVTPL	38,587	387,175	Level 1	Quoted market prices in an active market

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

	30 June 2020	30 June 2019
	\$	\$
<i>Movement in equity investments designated at FVTPL:</i>		
Opening balance	387,175	1,140,000
Additions	808,658	1,299,781
Fair value movement on FVTPL assets	142,587	161,699
Disposals	(1,299,833)	(2,214,305)
	<u>38,587</u>	<u>387,175</u>

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Capital risk management

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

The Group's overall strategy remains unchanged from 2019.

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

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

At 30 June 2020, the Group had no borrowings.

	2020	2019
	\$	\$
	<hr/>	<hr/>
Categories of financial instruments		
Financial assets		
Cash and cash equivalents	4,397,616	4,774,500
Trade and other receivables	40,058	23,687
Other financial assets	14,374	6,561
Equity investments designated at FVTPL	38,587	387,175
Financial liabilities		
Trade and other payables	51,547	32,193

Financial risk management objectives

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

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

Market risk

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

Foreign currency risk management

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Interest rate risk sensitivity analysis

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

The analysis has been performed on the same basis for 2020 and 2019, and represents management's judgement of a reasonably possible movement.

30 June 2020	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Gain \$	Equity \$
<i>Financial assets</i>					
Cash and cash equivalents	4,397,616	(43,976)	(43,976)	43,976	43,976
Trade and other receivables	40,058	-	-	-	-
Other financial assets	14,374	-	-	-	-
Equity investments designated at FVTPL	38,587	-	-	-	-
	4,490,635	(43,976)	(43,976)	43,976	43,976
<i>Financial liabilities</i>					
Trade and other payables	51,547	-	-	-	-

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

None of the Company's trade and other receivables and trade and other payables are interest bearing (2019: nil).

Equity price risks

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Credit risk management

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

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

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

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

	Less than 1 year \$	1 - 5 years \$	5+ years \$
2020			
Non-interest bearing	51,547	-	-
2019			
Non-interest bearing	32,193	-	-

NOTE 17: AUDITOR'S REMUNERATION

The auditor of the Group is HLB Mann Judd.

	2020 \$	2019 \$
<i>Auditor of the parent entity</i>		
Audit or review of the financial statements	31,854	28,156
<i>Other services</i>		
Taxation compliance	12,150	10,100
Other assurance services	-	-
	44,004	38,256

NOTE 18: RELATED PARTY DISCLOSURE

Subsidiary Entities

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

Name	Country of Incorporation	% Equity Interest	
		2020	2019
Challa Resources Pty Ltd	Australia	100%	100%
Challa Minerals Pty Ltd	Australia	100%	100%

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

NOTE 18: RELATED PARTY DISCLOSURE (continued)

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

Transactions with other Related Parties

There were no other transactions with key management personnel during the financial year or outstanding at balance date.

NOTE 19: KEY MANAGEMENT PERSONNEL DISCLOSURES

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

	2020	2019
	\$	\$
Short-term employee benefits	220,000	226,250
Post-employment benefits	20,900	21,494
Share-based payments	-	-
	240,900	247,744

NOTE 20: PARENT ENTITY DISCLOSURES

	2020	2019
	\$	\$
Financial position		
Assets		
Current assets	4,444,268	4,797,433
Non-current assets	83,135	1,588,811
Total assets	4,527,403	6,386,244
Liabilities		
Current liabilities	115,510	78,255
Non-current liabilities	-	-
Total liabilities	115,510	78,255
Net assets	4,411,893	6,307,989
Equity		
Issued capital	14,757,954	14,757,954
Reserves	76,067	76,067
Accumulated losses	(10,422,128)	(8,526,032)
Total equity	4,411,893	6,307,989
Financial performance		
Loss for the year	(1,896,096)	(784,110)
Other comprehensive income	-	-
Total comprehensive loss	(1,896,096)	(784,110)

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

Significant events after balance date

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

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report
Directors' Declaration

1. In the opinion of the directors of Santa Fe Minerals Limited (the 'Group'):
 - (a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

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



Mark Jones
Non-Executive Chairman

10 September 2020
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Santa Fe Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Santa Fe Minerals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
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Carrying amount of deferred exploration & evaluation expenditure	
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Note 11 of the financial report	
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<p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> ▪ We obtained an understanding of the key processes associated with management’s review of the carrying values of each area of interest; ▪ We considered the Directors’ assessment of potential indicators of impairment; ▪ We obtained evidence that the Group has current rights to tenure of its areas of interest; ▪ We examined the exploration budget for the year ending 30 June 2021 and discussed with management the nature of planned ongoing activities; and ▪ We examined the disclosures made in the financial report.
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<p>Our audit focussed on the Group’s assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group.</p>	
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Information other than the financial report and auditor’s report thereon

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

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Santa Fe Minerals Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
10 September 2020



B G McVeigh
Partner

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

ASX ADDITIONAL INFORMATION AT 4 SEPTEMBER 2020

A. CORPORATE GOVERNANCE

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

B. SHAREHOLDING

1. *Substantial Shareholders*

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

Name	Units	%
OAKAJEE CORPORATION LTD	11,000,000	15.11
DOG MEAT PTY LTD	5,500,000	7.55
ASIAN STAR INVESTMENTS LTD	4,750,000	6.52
MALCORA PTY LTD	4,650,000	6.39
SUCCESS CONCEPT INVESTMENT LTD	4,500,000	6.18
MR GARRY WILLIAM THOMAS + MRS NANCY-LEE THOMAS <THOMAS FAMILY SUPER A/C>	4,260,000	5.85
PARABOLICA CAPITAL PTY LTD	3,969,748	5.45
Total	38,629,748	53.05%

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

There are 361 holders of ordinary shares. Each shareholder is entitled to one vote per share held. On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

- 1,250,000 Unlisted options (\$0.20, 30/09/2020)
- 500,000 Unlisted options (\$0.20, 30/09/2020)

3. *Distribution schedule of the number of ordinary holders*

Size of Holding	No. of Holders	Shares Held
1 - 1,000	16	2,328
1,001 - 5,000	11	39,050
5,001 - 10,000	109	1,063,875
10,001 - 100,000	164	6,470,117
100,001 and over	61	65,243,419
Total	361	72,818,789

4. *Marketable Parcel*

There are 31 shareholders with less than a marketable parcel.

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

ASX ADDITIONAL INFORMATION AT 4 SEPTEMBER 2020

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

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

Rank	Name	Units	%
1	OAKAJEE CORPORATION LTD	11,000,000	15.11
2	DOG MEAT PTY LTD	5,500,000	7.55
3	ASIAN STAR INVESTMENTS LTD	4,750,000	6.52
4	MALCORA PTY LTD	4,650,000	6.39
5	SUCCESS CONCEPT INVESTMENT LTD	4,500,000	6.18
6	MR GARRY WILLIAM THOMAS + MRS NANCY-LEE THOMAS <THOMAS FAMILY SUPER A/C>	4,260,000	5.85
7	PARABOLICA CAPITAL PTY LTD	3,969,748	5.45
8	MALCORA PTY LTD <C & C CENIVIVA A/C>	3,143,850	4.32
9	FALFARO INVESTMENTS LIMITED	3,132,005	4.3
10	MR BJORN HERLUF JONSHAGEN + MS BEVERLEY VICKERS <B & B'S SUPER FUND A/C>	1,510,000	2.07
11	STEPHEN FREDERICK SCHMEDJE + MRS CORNELIA PETRA SCHMEDJE	1,020,000	1.4
12	MRS MARISA MACKOW	1,005,931	1.38
13	MR JEFFREY MAXWELL JONES + MRS NARI FAY JONES <TZM SUPERANNUATION FUND A/C>	1,000,000	1.37
14	C & C GIOVENCO PTY LTD <C & C GIOVENCO S/F A/C>	936,000	1.29
15	MR KIM MELDRUM	905,000	1.24
16	CORPORATE & RESOURCE CONSULTANTS PTY LTD	893,750	1.23
17	MR JEFFREY MAXWELL JONES <TZM A/C>	835,194	1.15
18	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	702,730	0.97
19	MR THOMAS MILENTIS	600,000	0.82
20	FINNIAN GROUP PTY LTD	590,953	0.81
	Total	54,905,161	75.4

Santa Fe Minerals Limited
30 June 2020 Annual Financial Report

ASX ADDITIONAL INFORMATION AT 4 SEPTEMBER 2020

C. OTHER DETAILS

1. *Company Secretary*

Krystel Kirou

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

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

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

Advanced Share Registry Services
 110 Stirling Highway
 Nedlands WA 6009

Tel: +61 8 9386 8382
 Fax: +61 8 6183 4892

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

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

5. *Review of Operations*

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

6. *Consistency with business objectives*

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

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

Tenement	Holder¹	Interest	Location	Status
E58/485	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/500	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/501	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/502	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/503	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/511	Challa Resources Pty Ltd	100%	Western Australia	Granted
E59/2257	Challa Minerals Pty Ltd	100%	Western Australia	Granted

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