

**INVESTIGATOR
RESOURCES
LIMITED**



Investigator Resources Limited

ABN 90 115 338 979

Annual Report 2018

CORPORATE DIRECTORY

| DIRECTORS | AUSTRALIAN BUSINESS NUMBER |
|--|---|
| D.M. Ransom – Chairman) | |
| K.J. Wilson – Non-Executive Director - (Appointed 15 September 2017) | 90 115 338 979 |
| A. McIlwain – Non-Executive Director - (Appointed 20 June 2018) - (Appointed Acting Chief Executive Officer effective from 16 August 2018) | |
| COMPANY SECRETARY | STOCK EXCHANGE LISTING |
| M. A. Gaudio | Australian Securities Exchange Limited Home Exchange - Sydney ASX Code: IVR |
| REGISTERED OFFICE | SHARE REGISTRY |
| 18 King Street Norwood SA 5067 Website: www.investres.com.au | Computershare Limited Level 5, 115 Grenfell Street Adelaide SA 5000 |
| SOLICITORS | AUDITOR |
| MSM Legal 11-13 Gilbert Street Adelaide SA 5000 | Grant Thornton Audit Pty Ltd Level 3, 170 Frome Street Adelaide SA 5000 |

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Company Profile

Investigator Resources Limited ('Investigator' or the 'Company') is a metals explorer with a focus on South Australian opportunities for greenfields precious, base and battery metals discoveries. The Company has applied an innovative geological strategy which has resulted in:

- **The discovery in 2011 of the Paris silver deposit with a JORC compliant Mineral Resource estimate of 9.3Mt @ 139g/t silver and 0.6% lead, comprising 42Moz of contained silver and 55kt of contained lead (at a 50g/t silver cut-off);**
- **Recognition of other epithermal fields and the associated potential for porphyry copper-gold of Olympic Dam age; and**
- **Developing the Maslins IOCG target using Federal Government conducted Magneto-Telluric ('MT') surveying data.**

The Company is now applying these innovative ideas to seek advanced exploration projects, with no restriction as to commodity focus or jurisdiction.

Investigator listed on the Australian Securities Exchange (ASX Code: IVR) in April 2007 as Southern Uranium Limited, then in 2010 changed its name to Investigator Resources Limited. Investigator's cornerstone investor, CITIC Australia Pty Ltd has been a significant shareholder since the Company's inception, over 11-years ago. There are over 3,235 shareholders.

The Board and Senior Management include accomplished professionals with strong track records in the areas of finance, exploration, project development and mine operations.

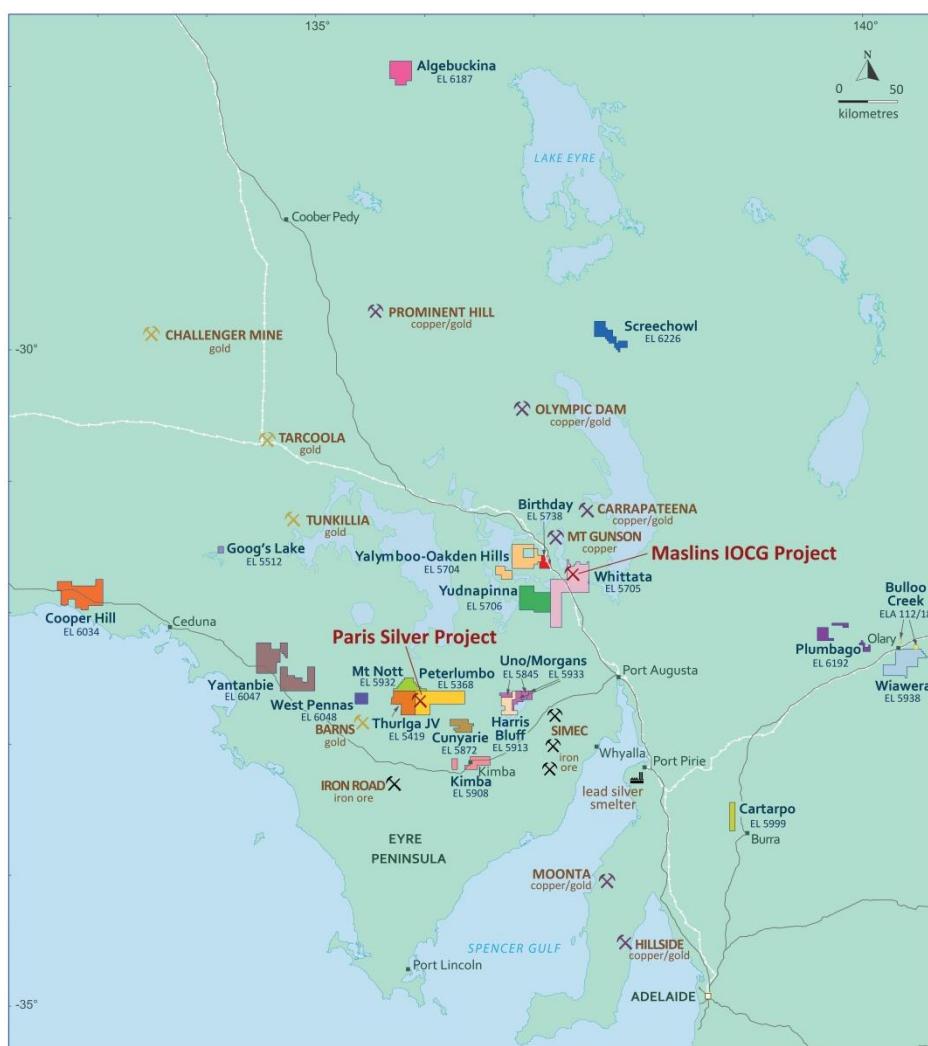


Figure 1: Plan showing Investigator Resources tenement holdings and key Projects (As at 18 September 2018)

KEY 2018 RESULTS

The two oversubscribed equity raisings in the December 2017 quarter enabled Investigator to advance the Paris Silver Project and other priority projects in South Australia as follows:

Paris Silver Project

- Commenced metallurgical work on composited representative drill samples after geochemical classification of geometallurgical domains within the deposit.
- Undertook comminution tests which confirm the silver is generally hosted in soft and low-abrasive rock.
- Achieved weighted average silver recoveries around 74% with a range of 65% to 89% in preliminary cyanide leach trials for the three main geometallurgical domains.
- Defined a potential water supply for future mining operations through a positive hydrological study.
- Commenced preliminary geotechnical studies for mine design.
- Added modest additional silver resource potential associated with zones of anomalous lead, gold, copper, cobalt and molybdenum by drilling in the southeastern extension of the deposit.

Nankivel copper-gold prospect

Drilled the Trojan induced polarisation ('IP') anomaly. No significant copper mineralisation was discovered.

Maslins iron ore-copper-gold ('IOCG') target:

- Collaborated in the government-sponsored MT survey of the Carrapateena region.
- Enhanced the prospective gravity target further by independently financing an additional MT traverse. Geophysical interpretation suggests an underlying conductive "flare" analogous to that generally recognised as a signature of the Olympic Dam orebody.
- Extended the Maslins IOCG target 6 km along a prospective fault structure at the intersection of a regional fault with the MT "flare".

- Commenced the process of identifying a Joint Venture partner to drill test the target.

Cartarpo "multi-commodity" Target

- Announced surface samples assaying up to 1.78% cobalt, 1.1% rare earth elements ('REE'), 0.52% copper, 0.42% nickel and 0.31% lithium in remnant gossan associated with small historic mine workings.
- Completed a soil geochemical sampling programme which established coherent target zones, extending over an 800 m strike length, open in both directions. Potential is enhanced by the location of the tenement area on the Burra copper trend, which overlies an identified MT "hotspot".

Research

- The Company continued its approach to ongoing research projects which test alternative hypotheses to the geological conventional wisdom.
- The Company received an R&D tax concession totalling A\$0.86million for the 2016/17 years under the Federal Government's Research and Development Tax Incentive Programme.

CHAIRMAN'S LETTER

In reviewing my Letter to Shareholders for the year 2016-2017 I was impressed by the optimism which pervaded its content. The 2017 financial year had seen a rise in commodities prices, a buoyant equities market and the successful placements made in late 2016 and mid-2017 by Investigator which placed the Company in a strong position to pursue its' stated aims of increasing resources at Paris, drilling the Nankivel Prospect and commencing a PFS to assess the viability of the Paris Project.

What a difference a year makes. The rise in commodity prices, with the possible exception of the industrial minerals, ended in early 2018 with prices of precious and base metals, the staples of the junior mining sector in the past, stagnating for the reporting period and essentially to the date of this Report. Global politics also had and continues to have an impact on virtually all mineral commodities, and uncertainty as to the future has resulted in equity becoming expensive for microcap exploration companies such as Investigator. Markets turned their back on small companies, fearful of the risks involved in exploration and moving to established miners and investments with a more positive and contemporary flavour.

In addition to the macro environment, questions regarding the viability of the Paris Project notably in respect of silver recovery were raised following the preliminary metallurgical testwork. That and the failure of the Nankivel drilling programme had a significant and probably justifiable impact on the Company's share price.

Under the present circumstances the Board has undertaken a review of Company strategy. The previous focus on essentially grass-roots exploration in South Australia with management practice reflecting the norms of the past is unsustainable in the present market conditions. Investors in microcap companies are seeking and will support advanced exploration projects generally irrespective of commodity but are reluctant to support high risk deep exploration concepts. Our significant shareholders all share this view. To this end, the Company will rationalise its' activities and tenement holdings in South Australia, particularly those with high geological risk.

Paris will remain a core asset of the Company, irrespective of the outcome of the PFS. It has size, grade and optionality to the silver price. The Massis IOCG prospect, which is a high risk/high reward drilling target, will be de-risked through a farm-out. The lessons of the Nankivel project are relevant in this decision. The future of the Cartarpo and Wiawera prospects, which require further work and which are the most prospective of the remaining tenement areas will be decided before the end of calendar 2018. The remaining tenement areas will be reduced. This approach, combined with the rationalisation of corporate costs, will ensure expenditures are minimised and cash is preserved.

As part of the new strategy the Company will seek a high profile advanced exploration asset, with a prospective path to a mining operation. Tier 1 assets in this universe are beyond the capacity of most microcap companies. Essentially this means that Investigator will need to acquire an asset in which our technical team can see upside potential. Such potential may be manifest in data which for whatever reason (technical, country risk or financial for example) downgrades value of the asset in the view of the market. I am confident that the high quality of the professional team at Investigator, including the directors, will be able to accomplish this task.

In closing I would be remiss if not to comment on the changes in the management and board of Investigator. Some of these changes were evolutionary and some painful. The retirement of Bruce Foy and David Jones from the board preceded the announcement that John Anderson would step down from his long-term role of Managing Director. These, along with the departure of a number of long serving employees heralded the change in board skills and strategy discussed above. Whilst more is said below, the Board and Management of Investigator wish to thank both David and Bruce for their service, and John for contributing his geological brilliance and steady management of the Company's affairs over the past 11 years.



Dr David Ransom
Chairman

OPERATIONS REPORT

Peterlumbo (EL5368: Investigator 100%)

Paris Silver Project

The Paris Silver Project lies within the Company's 100% held Peterlumbo tenement, 60 km northwest of the town of Kimba, on the well-serviced northern

Eyre Peninsula of South Australia. The Paris Silver Project has an estimated Indicated and Inferred Mineral Resource of 9.3million tonnes at 139 g/t silver and 0.6% lead (at a 50 g/t silver cut-off). Table 1 summarises the Paris Silver Project Mineral Resource Estimate.

Table 1: Paris Silver Project Mineral Resource Estimates

| Category | Tonnage (Mt) | Silver Grade (g/t) | Contained Silver (Moz) | Lead Grade (%) | Contained lead (kt) |
|--------------|-----------------|-----------------------|---------------------------|-------------------|------------------------|
| Indicated | 4.3 | 163 | 23 | 0.6 | 26 |
| Inferred | 5.0 | 119 | 19 | 0.6 | 29 |
| Total | 9.3 | 139 | 42 | 0.6 | 55 |

Note:

- Based on 50g/t silver cut-off grade.
- Values may not sum due to rounding.
- Density: Indicated - 2.20t/m³, Inferred - 2.22t/m³ and Average - 2.21t/m³
- The Company confirms that it is not aware of any new information or data that materially affects the Paris Silver Project Mineral Resource, since its release in April 2017.

The April 2017 Mineral Resource estimate was independently prepared by H & S Consulting Pty Ltd using the Multiple Indicator Kriging (MIK) method of estimation, which is considered the most suitable estimation methodology for the complex mineralisation style of the Paris silver deposit. The Mineral Resource has been reported in accordance with the 2012 edition of the Australasian Code for the

Reporting of Exploration Results, Minerals Resources and Ore Reserves (the 'JORC Code').

Paris Pre-Feasibility Study ('PFS')

The Paris mineral deposit occupies an area of about 400 m by 1,600 m with a shallow tabular geometry which is conceptually mineable by open-pit to a depth of 160 m below a planar surface (Figure 2).

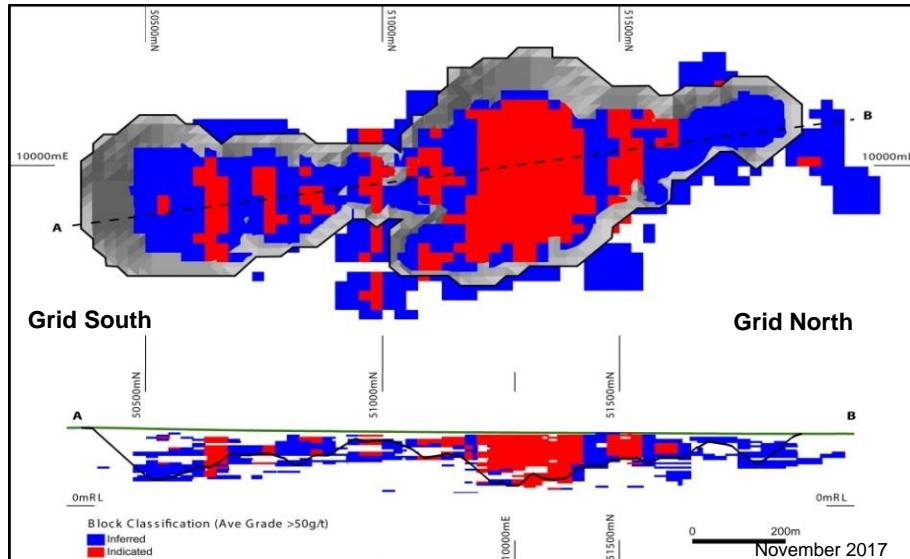


Figure 2: Plan and long section views of the conceptual model for the Paris resource blocks.

Metallurgical Study: Despite its' favourable geometry, the crux of the economic viability of the Paris deposit lies in the metallurgical performance of the valuable silver mineralisation. Hence the primary focus of the PFS is on a metallurgical study, which followed an extended geometallurgical study which in turn defined four petrological domains, viz Oxide;

Breccia transitional (no Mg/Ca); Breccia transitional (Mg/Ca); Dolomite (Figure 3). This was the basis for sampling and metallurgical testing of larger, more representative samples.

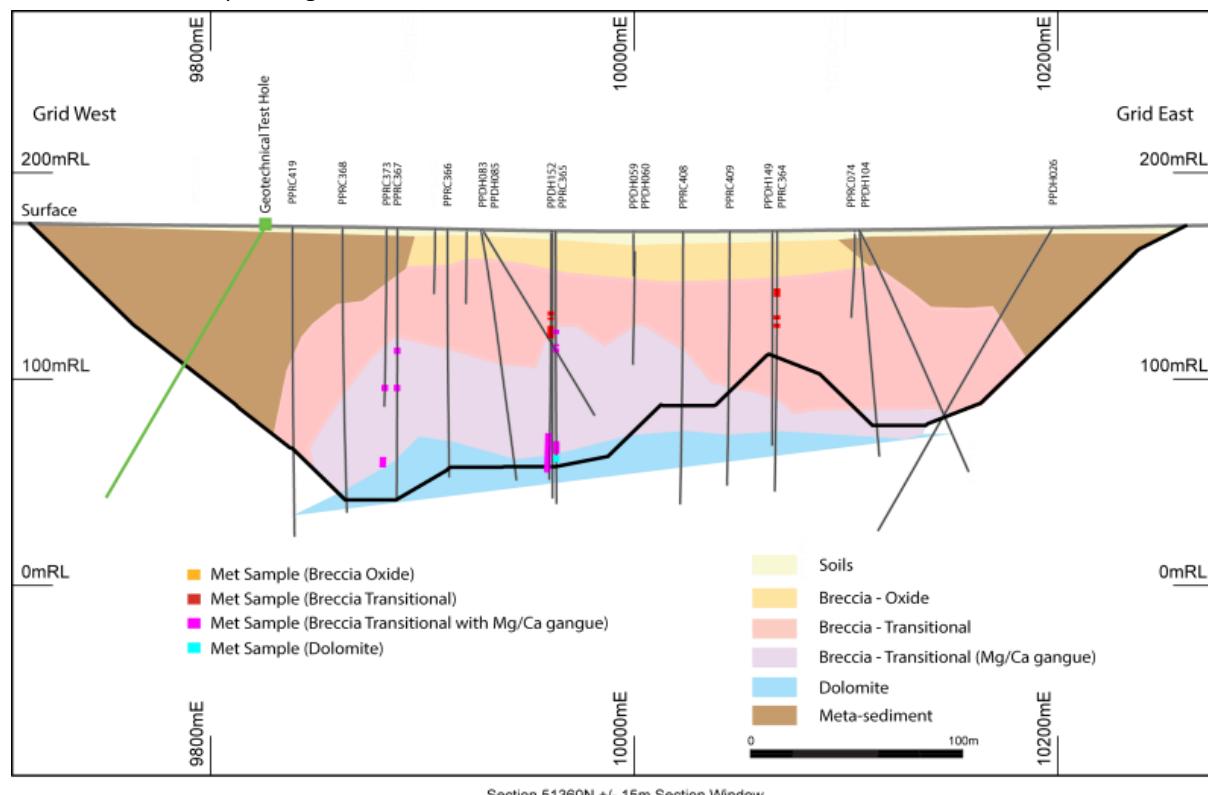


Figure 3: Example Section 51360mN near the middle of the Paris deposit showing the typical distribution of the geometallurgical domains, drill traces with current metallurgical samples and the outline for the 2017 conceptual pit model.

Comminution testing showed that the Paris silver ore can be considered "soft" and has relative low abrasive properties implying potentially lower capital and power costs associated with a crushing and milling circuit.

In the 2018 study, gravity, flotation and leaching testwork was carried out, evaluating options for further improving silver recoveries, as well as identifying methods to recover lead/silver concentrate which was not examined in 2013 metallurgical test-work.

Mineralogical studies including scanning electron microscopy identified the main silver species as acanthite (silver sulphide - the most common globally-mined silver mineral), chlorargyrite (silver chloride), jalpaite (silver-copper sulphide) and primary native silver. All species identified are generally less than 30 µm (30 microns) in grainsize, and mostly less than 10 µm. Lead minerals are predominantly

galena (lead sulphide), laurionite (lead chloride) and coronadite (lead manganese oxide). Mineralogical studies have identified very fine-grained silver inclusions in quartz as a contributor to leach performance.

Grinding of the breccia ores to P_{80} of 53 µm (80% passing 53 microns) and cyanide leaching with lead nitrate or hydrogen peroxide pre-conditioning resulted in achieving 65% to 85% silver leach recoveries (Table 2). The Dolomite domain returned 89% silver leach recoveries without any pre-conditioning. The Oxide domain has performed poorly in leach trials thus far and since this domain represents 5% of the total Mineral Resource, its' recovery is assumed to be 0% for the purposes of the PFS. The balance of the silver which remained unleached is regarded as refractory. Ultra-fine grinding to 10 µm achieved improved silver recoveries in similar leach trials, but is unlikely to be an economic pathway.

Table 2: Paris Silver Project: Metallurgical leach test results

| Depth | Host Domain | Estimated % of Indicated Resource Hosted | Leach silver recoveries |
|---------|---------------------------------|--|-------------------------|
| Shallow | Oxide | 5% | 8% |
| | Breccia Transitional (No Mg/Ca) | 54% | 65% |
| | Breccia Transitional (Mg/Ca) | 32% | 85% |
| Deep | Dolomite (hosted) | 9% | 89% |

Flotation and gravity tests were undertaken to assess the recovery of lead in concentrates along with some of the refractory silver in the Breccia Transitional (no Mg/Ca) domain. These tests produced concentrates with poor lead recoveries of approximately 8% in a flotation concentrate and 24% in a gravity (Knelson) concentrate. The unrecovered lead is attributed to the coronadite content and fine galena inclusions in quartz.

Additional scrubbing and gravity and leach optimisation tests were undertaken prior to design of a process flowsheet.

Geotechnical Study: Engineering advice recommended further geotechnical investigation of the soft Paris wall rocks. A programme of five large diameter core holes was completed in April 2018 to provide geotechnical samples and data to enable enhanced estimates of open-pit wall angles and strip ratios.

Other Studies: Desktop studies included:

- Waste rock characterisation studies to identify potential waste impacts on design (e.g. potential acid forming material, or non-acid forming material). This work identified no significant areas of concern for the project at a PFS level of study.
- Infrastructure components requiring design and costing, including access, process water pipeline options, camp designs etc.
- Compilation of previous data relating to heritage, environmental, hydrological, stakeholder and community impacts and any potential site impacts.

Paris Extension drilling

In December 2017, the first phase of a 25-hole, reverse circulation percussion ('RCP') drilling programme aimed at augmenting the Paris Mineral Resource was undertaken focussing on the underdrilled northern and southern extensions of the Paris silver deposit. Two holes drilled into the interpreted southeast extension intersected the top of prospective breccias, but required a heavier duty drill rig to complete the programme.

Further extension drilling was undertaken in February 2018 using a larger RCP drill rig to complete four holes, into the southeastern extension area. The results showed that the limits of the silver deposit had been defined in this area. Observed metal zonation suggested deeper or laterally offset potential, further refining the geological model.

Nankivel copper-gold Prospect

As presaged in November 2017, three RCP holes were drilled to test the Nankivel copper-gold Prospect in February 2018 (the Trojan IP geophysical target) interpreted as the copper-mineralised core to the "Nankivel porphyry system". All three RCP drill holes intersected iron sulphides in metasediment without the targeted copper sulphides being observed or subsequently assayed. The pyritic metasediment intersected in the drilling had been interpreted as a southern pyritic halo to the "Nankivel porphyry system". The RCP drilling showed that the concept of a deep buried porphyry system in the vicinity of Nankivel Hill is a high risk enterprise, unsuited in the current market to a microcap company such as Investigator. No further work will be carried out by Investigator but a Joint Venture partner may be sought in the future.

Maslins IOCG target (Whittata - EL5705; Investigator 100%)

The Maslins IOCG target is located 50 km south of the Carrapateena mine, within the Olympic Dam Belt of IOCG deposits. It was secured after the 2015 Federal Government AusLAMP MT survey remapped and highlighted the southern extensions of the Olympic Dam belt. Geoscience Australia nominated Maslins and the associated Nob Hill fault, as IOCG prospective in 2010. Utilising the data available at the time, Investigator modelled the Maslins gravity anomaly as having the right depth, structural setting and density to be a prospective IOCG target with a potential size between the Carrapateena and Olympic Dam deposits, and a shape likely to be amenable to modern bulk underground mining.

A signature “flare” of MT conductivity was recognised by researchers in 2006 below the Olympic

Dam IOCG orebody and this is generally accepted as representing the conduit for the metal-rich fluids which generated the deposit.

The coarse AusLAMP MT data indicated that a deep “flare” projected upwards towards the Maslins target. Investigator undertook a closer-spaced six station MT traverse for which modelling confirmed the upper extension of a “flare” into the Nob Hill fault, abutting the Maslins target (Figure 4), which is of similar size, shape and conductivity to that below Olympic Dam.

Despite the conceptual appeal of the geophysical interpretation at Maslins, from the perspective of a microcap company such as Investigator, the target is of inherently high geological risk, requiring the drilling of two or three 800 to 1000 m holes to test its’ potential. For that reason Investigator is seeking a Joint Venture partner to drill test the Maslins target.

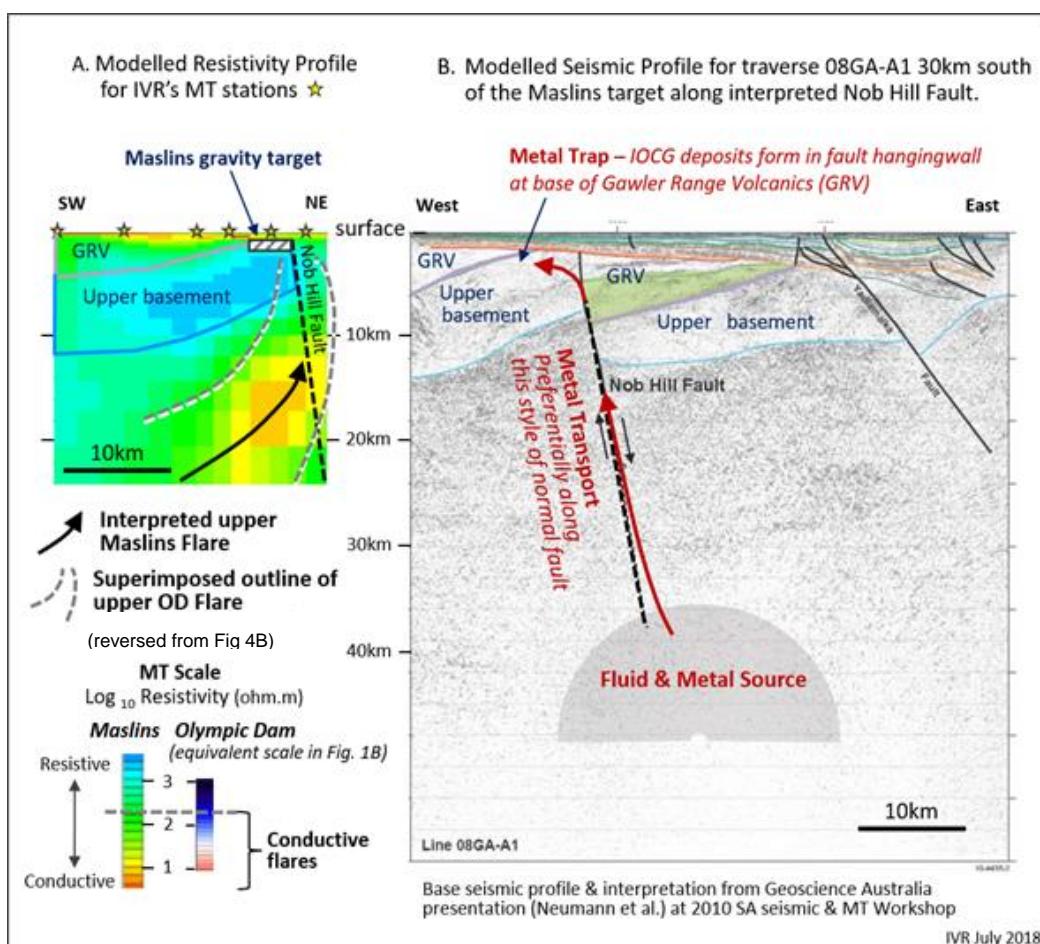


Figure 4 includes A: Modelled MT Resistivity Profile showing a strong conductivity flare entering the Nob Hill Fault below the Maslins IOCG target, and B: Seismic Profile projected 30 km from the south showing prospective structural conditions for metal flow & deposition comparable to the Maslins profile.

Cartarpo Copper-Cobalt-REE Target (EL5999: Investigator 100%)

The Cartarpo Tenement, 175 km north of Adelaide, is located over the mid-1800's Cartarpo copper-cobalt Mine, which comprises a shaft, two adits and a number of shallow open-pits across a 400 m strike length.

The initial field inspection in November 2017, verified the cobalt mineralisation, and identified exploration potential along a prospective northwesterly striking structural corridor which included the Burra copper mine 20 km to the southeast. The results of the sampling of gossan exposures, 200m apart, returned strong values of up to 1.78% cobalt and 1.1% combined REEs including heavy REEs, along with copper to 0.5%, nickel to 0.4% and lithium to 0.3%. This is unusual geochemistry. A systematic geochemical sampling programme was undertaken on four 250 m spaced traverses establishing coherent zones variously containing elevated copper, cobalt, lithium, REE and nickel extending parallel to and along strike from the old workings. The anomalous geochemical zones are interpreted as extending 400 m north and an undefined distance south of the workings.

A fifth soil sampling traverse was conducted across the prospective strike 4 km north of the Cartarpo Mine. This established a different anomalous signature in gold, silver, copper and zinc, and will be subject to investigation for separate target potential.

The recently completed Federal Government MT survey has enhanced the prospectivity of the Cartarpo region. Investigator proposes to undertake additional ground truthing, mapping and soil sampling to better define the geometries, orientations and extents of the targets.

Wiawera, Plumbago, Bulloo Creek Prospects (ELs 5938, 6192, ELA2018/112: Investigator 100%)

Undrilled historic workings and a structurally-associated large magnetic anomaly in EL5938 provided new target concepts and opportunities in the Olary District. Surface rock sampling by Aztec Mining in 1990 of narrow mine exposures returned maximum assays of 47% copper, 32g/t gold, 760g/t silver and 1.5% lead (Aztec Mining - SAMREF ENV8235).

Negotiations have commenced to secure an access agreement with the local Native Title Claimants. The objective is to initially undertake check sampling and geochemical or geophysical surveys to evaluate the prospects.

Other Tenements (Investigator 100%)

Access is being sought to Googs Lake EL5512 to enable a soil geochemical survey of a calcrete gold anomaly delineated by a previous explorer.

The Screechowl Creek tenement EL6226 has recently been granted and work will be undertaken to assess the magnesite potential within this tenement, northwest of Leigh Creek.

The recently granted Algebuckina tenement EL6187 is located at the northern end of an identified MT corridor, interpreted as the northern extension of the Olympic Dam IOCG Belt in the Peake and Denison Ranges. Copper has been identified in historical drill holes which have never been followed up.

The Investigator Team

Despite a stagnant commodities market and unrewarding financial markets the contributions from all members of the team are acknowledged.

There were no Lost Time or reportable environmental or safety incidents during the year. Two minor incidents which resulted in vehicle damage and two minor injuries to drilling personnel occurred.

The company has completed all requisite environmental rehabilitation in accordance with its approved programs for Environmental Protection and Rehabilitation. South Australian regulatory inspectors completed an audit of works undertaken on the Peterlumbo tenement (EL5368) during the year with zero non-compliance issues identified.

During the year a number of Company led safety audits and reviews were undertaken aimed at enhancing company safety performance. A number of health, safety and environmental management systems were subsequently modified to enhance their applicability.

The relationships of Investigator with respect to the local community, Native Title Holders and Pastoralists remained consultative and positive.

Board and Management Changes

In September 2017 and June 2018 respectively, David Jones and Bruce Foy retired from the board. Both acted as Non-Executive Directors and served the Company for more than 10-years. The Board, Management and Staff express their gratitude to both David and Bruce for their valuable contributions and wish them both well in their retirements. The Company subsequently appointed Kevin Wilson and Andrew McIlwain as Non-Executive

directors. Both have extensive knowledge and experience in the minerals and finance industries.

In August 2018 it was announced that Mr John Anderson would step down from his long-term role of Managing Director of Investigator after eleven years as the Company CEO and Managing Director. The Board and Management of Investigator wish to thank John for contributing his geological brilliance and skilful management of the Company's affairs during his tenure, which culminated in the discovery of the Paris silver deposit.

An executive search has been commenced to secure a new Managing Director. In the interim Andrew McIlwain, who was appointed as a Non-Executive of Investigator in June 2018, will be Acting CEO, effective from 16 August 2018.

Going Forward

Owing to the current challenges faced by small exploration companies, the Company has undertaken a review of the corporate strategy and management focus. Consequent to this review the immediate aims of Investigator are as follows:

- Completion of the evaluation the viability of the Paris Silver Project. This remains a valuable core asset of the Company with a large option value contingent upon any upward movement in silver market. Work will continue to investigate opportunities to improve metallurgical recoveries and gain further understanding of the geological and chemical environment of the silver mineralisation. No decisions regarding the future of the asset can be defined until this process is completed.
- Farm-out and drill the Maslins IOCG target. Discussions to deliver this outcome are in progress at the time of writing.
- Review the Company's regional exploration portfolio. This is currently underway and a rationalisation of the property portfolio, already commenced, will be finalised by the end of 2018.
- Acquire a high-profile advanced exploration project by the end of 2018. Currently, neither commodity nor the jurisdiction is defined. To date a number of projects have been offered and these opportunities will continue to be reviewed.

At the end of the Financial Year, the Company had A\$2.89million in cash.

Competent Person Statement

The information in this report that relates to exploration results, excluding the Peterlumbo tenement (EL5368) and the Paris Silver Project is based on information compiled by Mr Richard Hill. The information in this report that relates to the Peterlumbo tenement (EL5368) and the Paris Silver Project exploration results is based on information compiled by Mr Jason Murray. Mr Hill and Mr Murray are full time employees of the company. Both Mr Hill and Mr Murray are members of the Australian Institute of Geoscientists.

Mr Hill and Mr Murray have sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hill and Mr Murray consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The Mineral Resources Statement as a whole has been approved by Mr Murray who consents to its inclusion in the Annual Report in the form and context in which it appears.

The information in this report that relates to Mineral Resources Estimates at the Paris Silver Project is extracted from the report entitled "Significant 26% upgrade for Paris Silver Resource to 42Moz contained silver" dated 19 April 2017 and is available to view on the Company website www.investres.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Tenement Schedule

All tenements are in South Australia, refer Figure 1 (As at 18 September 2018).

| Tenement Number (EL / ELA) | Tenement Name | Registered Holder | Tenement Area (km ²) |
|---|-----------------------|-------------------|-------------------------------------|
| Project: East Eyre Peninsula (IVR 100%) | | | |
| 5932 | Mt Nott | GRL | 173 |
| 5908 | Kimba | IVR | 209 |
| 5872 | Cunyarie | GRL | 170 |
| Project: Peterlumbo Project (IVR 100%) | | | |
| 5368 | Peterlumbo | Sunthe | 583 |
| Project: Uno/Morgans (IVR 100%) | | | |
| 5845 | Uno Range | GRL | 78 |
| 5933 | Morgans | GRL | 98 |
| 5913 | Harris Bluff | GRL | 167 |
| Project: West Eyre Peninsula (IVR 100%) | | | |
| 5512 | Googs Lake | IVR | 26 |
| Project: Thurlga Joint Venture (GRL 75% / PRL 25%) | | | |
| 5419 | Thurlga | GRL 75% / PRL 25% | 333 |
| Project: Maslins (IVR 100%) | | | |
| 5704 | Yalymboo-Oakden Hills | GRL | 491 |
| 5705 | Whittata | GRL | 901 |
| 5706 | Yudnapinna | GRL | 492 |
| 5738 | Birthday | GRL | 85 |
| Project: Curnamona (IVR 100%) | | | |
| 5938 | Wiawera* | GRL | 492 |
| 6192 | Plumbago | GRL | 189 |
| Project: Adelaide Geosyncline (IVR 100%) | | | |
| 5999 | Cartarpo | GRL | 112 |
| 6226 | Screechowl Creek | GRL | 274 |
| Project: Western Eyre (IVR 100%) | | | |
| 6034 | Cooper Hill | GRL | 685 |
| 6048 | West Pennas | GRL | 101 |
| 6047 | Yantanabie | GRL | 959 |
| Project: Northern Craton (IVR 100%) | | | |
| 6187 | Algebuckina | GRL | 355 |
| Total Granted Project Tenement Area | | | 6,973 |
| Project: Curnamona (IVR 100%) - Applications | | | |
| 2018/112 | Olary/Bulloo Creek | GRL | 17 |
| Total Project Tenement Application Area | | | 17 |

Note:

IVR - Investigator Resources Ltd.

IVR 100% - Investigator Resources Ltd and its wholly owned subsidiaries.

Sunthe - Sunthe Uranium Pty Ltd, a wholly owned subsidiary of Investigator Resources Ltd.

GRL - Gawler Resources Pty Ltd, a wholly owned subsidiary of Investigator Resources Ltd.

PRL - Peninsula Resources Ltd, a wholly owned subsidiary of Adelaide Resources Ltd.

* Formally known as Maldorky.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 18 September 2018.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

| Range | Ordinary Shares | Listed Options over ordinary Shares | Listed Options over ordinary Shares |
|----------------------|-----------------|-------------------------------------|-------------------------------------|
| 1 - 1,000 | 218 | 1 | 0 |
| 1,001 - 5,000 | 391 | 0 | 0 |
| 5,001 - 10,000 | 371 | 0 | 0 |
| 10,001 - 100,000 | 1,471 | 92 | 0 |
| 100,001 Over | 784 | 146 | 2 |
| Total | 3,235 | 239 | 2 |
| Unmarketable Parcels | 1,884 | 94 | 0 |

Equity security holders

The names of the twenty largest security holders of listed equity securities are listed below:

Twenty largest Shareholders

| | Name | Units | % |
|----------------------------------|---|--------------------|--------------|
| 1 | CITIC AUSTRALIA PTY LTD | 67,097,772 | 9.07 |
| 2 | CITICORP NOMINEES PTY LIMITED | 48,989,911 | 6.62 |
| 3 | LAURIUM INVESTMENTS PTY LTD | 25,213,092 | 3.41 |
| 4 | GREGMAL NOMINEES PTY LIMITED <GREGMAL CAPITAL A/C> | 12,710,633 | 1.72 |
| 5 | MR DIMITRI EMIL LAJOVIC | 8,893,625 | 1.20 |
| 6 | MCNEIL NOMINEES PTY LIMITED | 7,290,909 | 0.99 |
| 7 | VALLEYTECH INSTRUMENTATION PTY LTD | 7,000,000 | 0.95 |
| 8 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 6,851,666 | 0.93 |
| 9 | MR BRIAN JOHN ANDERSON | 6,699,961 | 0.91 |
| 10 | MR MALCOLM THOM | 6,575,375 | 0.89 |
| 11 | WILLOW GLENN PTY LIMITED | 6,330,694 | 0.86 |
| 12 | ROBERTSON ARCHITECTURAL SERVICES PTY LTD <ROBERTSON FAMILY S/F A/C> | 5,000,000 | 0.68 |
| 13 | TAIPAN INVESTMENT MANAGEMENT PTY LIMITED <TAIPAN NO 1 A/C> | 4,822,491 | 0.65 |
| 14 | AUSTRIKE RESOURCES PTY LTD | 4,763,843 | 0.64 |
| 15 | MAPT PTY LIMITED <MAPT FAMILY A/C> | 4,575,375 | 0.62 |
| 16 | MR BRUCE EDWARD FOY + MRS ELIZABETH MARY FOY <CECILTON S/F A/C> | 4,526,713 | 0.61 |
| 17 | LEET INVESTMENTS PTY LIMITED | 4,513,636 | 0.61 |
| 18 | GOT555 PTY LTD | 4,000,000 | 0.54 |
| 19 | VECTOR NOMINEES PTY LIMITED <THE VECTOR SUPER FUND A/C> | 3,863,636 | 0.52 |
| 20 | MR DEZONG YUAN | 3,782,337 | 0.51 |
| Total Top 20 Shareholders | | 243,501,669 | 32.91 |

Substantial Shareholders

Details of substantial shareholders are set out below:

| Name | No. of Shares | % |
|-----------------------------|---------------|------|
| CITIC Australia Pty Ltd | 67,097,772 | 9.07 |
| Old Mutual Global Investors | 46,785,810 | 6.32 |
| Laurium Investments Pty Ltd | 38,154,358 | 5.16 |

Twenty largest Listed Option holders

| | Name | Units | % |
|---|--|-------------------|--------------|
| 1 | CITICORP NOMINEES PTY LIMITED | 14,400,000 | 8.96 |
| 2 | MCNEIL NOMINEES PTY LIMITED | 8,970,909 | 5.58 |
| 3 | MR ADAM ANTHONY MIOCEVICH | 7,635,909 | 4.75 |
| 4 | VALLEYTECH INSTRUMENTATION PTY LTD | 7,000,000 | 4.36 |
| 5 | MR WARWICK DYSON | 6,000,000 | 3.73 |
| 6 | TAYLOR FAMILY INVESTMENTS PTY LTD <TAYLOR FAMILY S/F A/C> | 6,000,000 | 3.73 |
| 7 | PAC PARTNERS PTY LTD | 4,500,000 | 2.80 |
| 8 | MR CRAIG RUSSELL STRANGER | 3,000,000 | 1.87 |
| 9 | VALAS INVESTMENTS PTY LTD <VALAS INVESTMENTS A/C> | 3,000,000 | 1.87 |
| 10 | MR IAN HEMBROW + MRS CLARE HEMBROW <HAIRYHOOK S/F A/C> | 2,710,553 | 1.69 |
| 11 | WILLOW GLENN PTY LIMITED | 2,575,375 | 1.60 |
| 12 | MR IAN HEMBROW | 2,489,566 | 1.55 |
| 13 | CHAKA INVESTMENTS PTY LTD | 2,300,000 | 1.43 |
| 14 | GOFFACAN PTY LTD | 2,284,090 | 1.42 |
| 15 | KEFU UNDERWRITERS PTY LIMITED | 2,148,018 | 1.34 |
| 16 | MR ANTHONY FRANCIS GREVE LE BRUN | 2,075,375 | 1.29 |
| 17 | BENRIE PTY LTD | 2,000,000 | 1.24 |
| 18 | MR VINCENZO BRIZZI + MRS RITA LUCIA BRIZZI <BRIZZI FAMILY S/F A/C> | 2,000,000 | 1.24 |
| 19 | MISS EMILY CHAI | 2,000,000 | 1.24 |
| 20 | MR DAVID JOHN IKIN + MRS ILDIKO IKIN <IKIN SUPERFUND A/C> | 2,000,000 | 1.24 |
| Total Top 20 Listed Option holders | | 93,089,795 | 57.94 |

Voting Rights

Ordinary Shares

Every holder of ordinary shares has the right to receive notices of, to attend and to vote at general meetings of the Company. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

Options

The Company has 5,915,000 Unlisted Options and 160,660,226 Listed Options on issue and these have no voting Rights attached.

Restricted Securities

The Company has no restricted securities.

CORPORATE GOVERNANCE

The board of directors of the Company (“Board”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of its shareholders by whom they are elected and to whom they are accountable. The Company believes that good corporate governance enhances investor confidence and adds value to stakeholders. The Board continually monitors and reviews its policies, procedures and charters with a view to ensure its compliance with the ASX Corporate Governance Council’s “Corporate Governance Principles and Recommendations, 3rd Edition” to the extent considered appropriate for the size of the Company and its scale of its operations.

Investigator Resources Limited’s Corporate Governance Statement is available on the Company’s website: www.investres.com.au/corporate_governance

INVESTIGATOR RESOURCES LIMITED
ABN 90 115 338 979

**ANNUAL FINANCIAL REPORT
for the year ended 30 June 2018**

**INVESTIGATOR RESOURCES LIMITED
ANNUAL FINANCIAL REPORT
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INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

The Directors of Investigator Resources Limited (the "Company" or "Investigator Resources") present their report for the year to 30 June 2018.

DIRECTORS

The names and details of the Company's Directors in office during the financial year are set out below:

David Meldrum Ransom
BSc (Geology) Hons, PhD (Structural Geology)
Non-Executive Chairman

Dr Ransom has over 45 years of experience within the mining industry in Australia and abroad. Dr Ransom is a graduate of the University of Sydney (BSc Geology) (Hons) and Australian National University (PhD 1968 Structural Geology). His earlier experience included roles as a project geologist with the Aberfoyle Group in Australia and Cominco Ltd in Canada. Dr Ransom also worked as a specialist consultant for 20-years with a clientele including majors such as CRA, BHP, Newmont and numerous companies in the microcap sector, specialising in structural geology.

More recently over the past 17-years, Dr Ransom was employed by Acorn Capital Ltd being an early investor with the role of resource analyst/portfolio manager focusing on the microcap materials and energy sectors. He is well known and highly regarded in the fund management industry. He retired from Acorn Capital Ltd in September 2016, but remains as a consultant. Dr Ransom has extensive board experience gained over the past 25-years in small mining and exploration companies and served as non-executive director on ASX listed company Unity Mining Limited (ASX: UML) for almost 7-years from 2007 to 2014.

John Alexander Anderson (Resigned effective from 16 August 2018)

BSc Hons, MAusIMM, MSEG, MAIG, MGSA
Managing Director

John was a Director of Investigator Resources since its inception as Southern Uranium in July 2005 and was appointed the Managing Director in December 2006. A geologist by training and exploration manager of 40-years' experience, John initiated the Company's strategy and development of its strong ground and innovative resource opportunities in the southern Gawler Craton of South Australia.

In his previous roles with Aberfoyle and then as General Manager Exploration Australia for Mt Isa Mines Exploration, he has explored in most Australian jurisdictions for a wide range of commodities with an emphasis on the major lead, zinc, silver, copper, gold, tin and nickel mining centres including Kalgoorlie, Broken Hill, McArthur River, Tasmania, central New South Wales, Mount Isa / Ernest Henry and the Gawler Craton.

John led teams in the discoveries of the Paris silver, Angas zinc and White Dam gold deposits in South Australia and several mineral sands deposits in the Murray Basin. He served as a Non-Executive Director of Southern Gold Limited from 2004 to 2008. He is a former President of the South Australian Chamber of Mines and Energy 2000 to 2002 and is a current member of the South Australian Government's Mining and Energy Advisory Council and the Advisory Board for the University of Adelaide's Institute for Minerals and Energy Research.

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

Kevin Wilson (Appointed effective from 15 September 2017)
BSc(Hons), ARSM, MBA
Non-Executive Director

Kevin has over 30 years' knowledge and experience in the minerals and finance industries. Previously Kevin was the Managing Director of Rey Resources Limited (ASX: REY), an Australian energy exploration company, from 2008 to 2016 and Leviathan Resources Limited, a Victorian gold mining company, from its initial public offering in 2005 through to its sale in 2006. Currently Kevin serves as Non-Executive Chairman of Navarre Minerals Limited (ASX: NML) and Executive Chairman of Metminco Limited (ASX: MNC).

He has prior experience as a geologist with the Anglo American Group in Africa and North America and as a stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and USA.

Andrew McIlwain (Appointed effective from 20 June 2018)

BE (Mining) Melb, MAusIMM, MAICD
Non-Executive Director and Acting Chief Executive Officer as from 16 August 2018

Andrew has over 30 years' experience in the mining industry. He is a qualified mining engineer and has held operational, technical, senior management and executive roles within Mount Isa Mines Limited, Central Norseman Gold Corp, WMC Resources, Lafayette Mining and Unity Mining. More recently, an independent consultant for a number of Australian Resource Company's; focusing on corporate transactions and has acted as an independent Non-Executive director of numerous resource companies including Kidman Resources (ASX: KDR) and Tusker Gold.

Andrew brings operational and corporate experience in a variety of fields including establishment of operational sustainability, project development and both equity and conventional debt financing.

Andrew is currently the Chief Operating Officer of Laguna Gold, a Chilean focussed Zinc producer, and Non-Executive Chairman of Emmerson Resources Ltd (ASX: ERM).

Bruce Edward Foy (Resigned effective from 30 June 2018)

BCom LLB, FAICD
Non-Executive Director

Bruce was a Non-Executive Director of Investigator Resources since February 2008. He has extensive experience in corporate, wholesale and investment banking having spent the last 30-years in senior banking and Non-Executive Director roles.

In July 2005 Bruce retired after six years as Managing Director and Country Manager of ING Bank N.V. in Australia. Prior to that he was Country Manager in Australia for two international banks and for a number of years was Managing Director of stock broking firm BBL Curran Mullens Limited.

Bruce is currently, a Non-Executive Director of The Doctor's Health Fund Pty Limited, Avant Insurance Limited, Avant Group Holdings, Professional Insurance Holdings Pty Limited and Total Financial Solutions Pty Limited. He was previously Chairman of State Water Corporation of NSW, Chairman of Transgrid Corporation, Chairman of the International Banks and Securities Association Limited, Chairman of SMSF Owners' Alliance, Non-Executive director of CITIC Australia Trading Limited and a Trustee/Director of First State Super.

Bruce was admitted as a Barrister of the Supreme Court of New South Wales in 1989.

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

David Garred Jones (Retired effective from 20 September 2017)

*BSc, MSc, FIMMM (London), FAusIMM, MGSA, MAIME-SME
Non-Executive Director*

David was a Non-Executive Director of Investigator Resources since December 2006. He commenced his career in 1964 as a geologist with Broken Hill South Limited, and was involved with the exploration that led to the discovery of the Duchess phosphate deposit near Mt Isa.

Between 1966 and 1968 David worked as an underground geologist for Mt Isa Mines and then as senior geologist responsible for exploration in NW Queensland and the Northern Territory. He joined Newmont Pty Limited as Chief Geologist in 1979 having been Senior Lecturer in Economic Geology at SAIT (later the University of South Australia) - for eight years prior.

From 1979 to 2000 David held various Exploration Manager Positions in Newmont Australia Limited (which became Newcrest Mining Limited in 1991) covering the Pacific, Europe and Asia, Ireland and Scotland. He established Newcrest in Indonesia and supervised the team that discovered the Gosowong gold deposit in Halmahera. David retired from Newcrest in 2000 as Manager Strategic Planning, assisting in advising the Board on long term and strategic planning.

David was Principal of consulting firm Vidoro Pty Limited from 2000 - 2014, engaged primarily in preparation of technical reports for submission to the Toronto and Australian Stock Exchanges on exploration properties and mines in Australia, Bolivia, Brazil, Indonesia, Kyrgyz Republic, Mongolia, PNG and The Philippines.

Company Secretary

Angelo Gaudio has significant experience in senior financial positions within the resource sector. Previous roles include; the Chief Financial Offer and Company Secretary for Renascor Resources, as well as Vice President, Finance and Administration with Heathgate Resources.

Angelo is a qualified accountant with over forty years of finance, management and accounting experience. His expertise includes corporate finance, risk management and financial reporting, as well as corporate development and Native Title relations. Angelo is a Fellow of the Institute of Public Accountants and a certificated member of the Governance Institute of Australia.

Directors' Interests in the Company

As at 30 June 2018, the interests of the Directors in the shares and options of the Company were:

| | Ordinary Shares | Options Listed | Options Unlisted |
|---------------------------------------|------------------------|-----------------------|-------------------------|
| D. M. Ransom (Chairman) | 1,125,375 | 575,375 | 2,500,000 |
| J. A. Anderson (Managing Director) | 6,202,438 | 575,375 | 3,415,000 |
| K. J. Wilson (Non-Executive Director) | - | - | - |
| A. McIlwain (Non-Executive Director) | - | - | - |

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was mineral exploration.

OPERATING AND FINANCIAL REVIEW

The Company recorded a loss after tax of \$581,461 (2017: \$3,625,258) for the year ended 30 June 2018.

INVESTIGATOR RESOURCES LIMITED

DIRECTORS' REPORT

Strategy

Investigator's objectives are:

- To evaluate the viability of the Paris Silver Project by investigating opportunities to improve metallurgical recoveries, with focus upon a better understanding of the geological and chemical domains of the mineralisation. The favourable silver grade, location and shallow geometry provide the basis for this evaluation;
- To use the knowledge gained in the discovery of Paris silver deposit to extend the Paris Silver Project Mineral Resource and discover repetitions thereof;
- To drill the Maslins IOCG target;
- To bring the Cartarpo copper-cobalt-rare earth element prospect to a decision to drill or farm-out; and
- To continue to seek opportunities using Company IP in new terrains and jurisdictions for further projects in precious, base and battery metals.

Highlights in FY2018

Paris silver project

- A Preliminary Feasibility Study of the Paris silver deposit commenced in January 2018.
- Advanced metallurgical testwork commenced on composited representative drill samples after geochemical classification of geometallurgical domains within the deposit.
- Comminution tests confirm silver is generally hosted in soft and low-abrasive rock.
- Preliminary metallurgical results indicate that cyanide leach trials achieved weighted average silver recoveries around 74% with a range of 65% to 89% for the three main geometallurgical domains.
- Additional metallurgical tests are continuing, aimed at recovering more of the non-leaching silver and lead.
- Positive hydrological study of a potential water supply.
- Potential for zones of high grade silver at the less-drilled northern and southern ends of the Paris deposit.
- New drilling indicated modest additional silver resource potential in the South East Extension associated with zones of anomalous lead, gold, copper, cobalt and molybdenum.

Nankivel copper-gold prospect

- Drilling of a large shallow IP target in 2017-18 intersected no significant copper in the interpreted pyritic margin to the "Nankivel porphyry system", and the target is now interpreted as being deeper and located further north than first projected.
- A Joint Venture partner will be sought to test the potential for a deeper copper core.

Maslins copper-gold target

- Prospective gravity target enhanced by a Company-sponsored MT traverse, with an underlying interpreted conductive Magneto-Telluric ('MT') "flare" realistically analogous to that defined at Olympic Dam.
- Maslins IOCG target extended 6 km along a prospective structure at the intersection with the interpreted MT "flare".
- A Joint Venture partner will be sought to drill test the gravity/MT anomaly.

Cartarpo copper-cobalt-rare earth element target

- Centred on small historic workings with initial Investigator grab samples assaying up to 1.78% cobalt, 1.1% rare earth element, 0.52% copper, 0.42% nickel, 0.31% lithium in remnant gossan.
- A soil geochemical sampling program established coherent target zones extending over 800m strike and open in both directions.
- Potential for large deposits enhanced by Cartarpo's position on Burra copper trend overlying breakthrough MT "hotspot".

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

Exploration Operations

Paris Silver Project *Peterlumbo Tenement (EL5368 - IVR 100%)*

The Paris Silver Project lies within the Peterlumbo tenement on the northern Eyre Peninsula of South Australia with estimated Indicated and Inferred Mineral Resources of 9.3million tonnes at 139 g/t silver and 0.6% lead (at a 50 g/t silver cut-off). Table 1 summarises the Paris Silver Project Mineral Resource Estimates.

Table 1: Paris Silver Project Mineral Resource Estimates

| Category | Tonnage (Mt) | Silver Grade (g/t) | Contained silver (Moz) | Lead Grade (%) | Contained lead (kt) |
|--------------|--------------|--------------------|------------------------|----------------|---------------------|
| Indicated | 4.3 | 163 | 23 | 0.6 | 26 |
| Inferred | 5.0 | 119 | 19 | 0.6 | 29 |
| Total | 9.3 | 139 | 42 | 0.6 | 55 |

Note:

- Values may not sum due to rounding.
- Density: Indicated - 2.20t/m³, Inferred - 2.22t/m³ and Average - 2.21t/m³.

The April 2017 Mineral Resources were independently prepared by H & S Consulting Pty Ltd using the Multiple Indicator Kriging method of estimation, which is considered the most suitable estimation method for the complex mineralisation style of the Paris silver deposit. The Mineral Resources have been estimated and reported in accordance with the guidelines of the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Minerals Resources and Ore Reserves (2012 JORC Code and Guidelines).

The deposit occupies an area of about 400m by 1,600m with a shallow flat tabular geometry that is conceptually mineable by open-pit to 160m depth below the flat surface. However, it is noted that, as with most silver deposits and unlike gold deposits, mineralogy is complex and beneficiation solutions bespoke.

A phased approach to progress the Paris PFS was adopted with the primary focus on a metallurgical study. A geo-metallurgical study of the Paris deposit defined four domains (Oxide, Breccia transitional - no Mg/Ca, Breccia transitional - Mg/Ca and Dolomite) in the central infill-drilled area of the deposit. These were used for metallurgical testing of larger and more representative samples. The early metallurgical results indicated that the cyanide leach trials achieved weighted average silver recoveries around 74% with a range of 65% to 89%. The silver mineralogy was identified as fine-grained and predominantly acanthite and native silver much of which was inclusions in sulphides and quartz.

Additional scrubbing, flotation and mineralogical tests are proposed, aimed at recovering more of the non-leaching silver, as well as lead, and enabling the design and costing of a process flowsheet.

Comminution testing showed that the Paris silver ore can be considered 'soft' and has relative low abrasive properties. This indicates potentially lower capital and power costs associated with the crushing and milling circuit.

A consulting mining engineer with feasibility and operational experience in South Australia has been contracted to lead the PFS. The engineering advice recommended further geotechnical work on the soft Paris wall rocks. A program of five large diameter core holes were completed in April 2018 to provide geotechnical samples and data to enable initial estimates of open-pit wall angles and strip ratios.

Desktop studies being undertaken to progress the PFS include:

- Waste characterisation study to identify potential waste impacts on design (e.g. potential acid forming material, or non-acid forming material). This will influence tailings storage and waste dump design.
- Infrastructure components requiring design and costing, including access, process water pipeline options, camp designs etc.
- Compilation of previous data relating to heritage, environmental, hydrological, stakeholder and community impacts and any potential site impacts.

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

Exploration Operations (continued)

Paris Silver Project (continued) Peterlumbo Tenement (EL5368 - IVR 100%)

A final report on the metallurgical results, with recommendations for further work is expected in later August 2018.

Paris extension drilling Peterlumbo Tenement (EL5368 - IVR 100%)

In December 2017, the first phase of a 25-hole, reverse circulation percussion ("RCP") extension drilling program aimed at augmenting the Paris Mineral Resource estimate was undertaken. Primarily located at the northern and southern ends of the Paris deposit. Two holes drilled into the interpreted south-eastern extension intersected the top of prospective breccias, but required a heavier drill rig to complete the program. The new assays showed improved silver grades, raising the potential for high grade zones at the north and south ends of the deposit. The best intersections were 5 m @ 270 g/t silver from 15 m at the north end and 16 m @ 169 g/t silver at the south end of the deposit.

Further extension drilling was undertaken in February 2018 using a larger RCP drill rig completing four holes, into the southeast extension area. Based on the current geological model the results showed that the limits of the silver deposit had been defined in this area. The metal zonation observed added significant data which suggested deeper or laterally offset potential. Further work will be undertaken to understand the geological implications in the metallurgical zones.

The geological interpretation of the Paris silver deposit is essentially unchanged since its' discovery in 2011. The drilling of the southern end of the deposit in 2017-2018 implies a geological structure unpredicted by the current interpretation. A review of the geological structure at Paris is warranted and will be initiated in the 2018-2019 year. The aim is to redefine potential extensions of the known silver mineralisation.

Nankivel copper-gold Prospect Peterlumbo Tenement (EL5368 - IVR 100%)

In mid-February 2018 three holes were drilled to test the Nankivel copper-gold Prospect, the Trojan IP target. All three holes, intersected extensive iron sulphides in metasediment without targeted copper sulphides being observed, and the assays verified that there were no significant copper values. The pyritic metasediment intersected in the drilling is most likely a basement sedimentary unit.

Investigator will seek a Joint Venture partner to pursue the porphyry concept in depth to the north of Nankivel Hill.

Maslins IOCG target (Whittata - EL5705; IVR 100%)

The Maslins IOCG target is located 50km south of Carrapateena within the Olympic Dam Belt of IOCG deposits.

A signature "flare" of MT conductivity below the Olympic Dam IOCG deposit was interpreted by researchers in 2006 as representing the conduit for the mantle-derived, metal-rich fluids which formed the orebody. A Federal Government MT ("AusLAMP") survey was rolled out nationally from 2015.

The AusLAMP survey defined basement regional conductivity trends within the under-explored southern extension of the Olympic Dam Belt, and Investigator secured tenements within the MT corridor, identifying the Maslins IOCG target. The federal agency Geoscience Australia had previously nominated the Maslins gravity anomaly as an IOCG target on other grounds in 2010. Gravity modelling showed that the Maslins target as having the optimal density for a prospective IOCG target with a conceptual target size between that of Carrapateena and Olympic Dam, and within a depth range and of a shape potentially amenable to modern bulk underground mining.

Further, the coarse AusLAMP data indicated that a deep MT conductivity "flare" could be interpreted as projecting upwards towards the Maslins target comparable with that at Olympic Dam. Investigator subsequently undertook a close-spaced six MT station traverse over the target area. Modelling by a consultant geophysicist confirmed the upper extension of the conductive "flare" into a regional fault abutting the Maslins target. The Maslins MT "flare" has similar size, shape and conductivity to that at Olympic Dam.

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

Exploration Operations (continued)

Cartarpo copper-cobalt-rare earth element target (EL5999 - IVR 100%)

The Cartarpo Tenement, 175 km north of Adelaide, covers the mid-1800's Cartarpo copper-cobalt Mine, which comprises a shaft, two adits and shallow open-pits over 400 m strike.

The initial site visit in November 2017 verified the cobalt mineralisation and exploration potential on a prospective lineament/corridor 20 km from Burra copper mine. The results of the sampling of gossan exposures, 200 m apart, returned significant values of up to 1.78% cobalt and 1.1% combined rare earth elements (REEs) including heavy REEs, along with copper to 0.5%, nickel to 0.4% and lithium to 0.3%. These results are geochemically unusual. In the June 2018 Quarter a systematic geochemical sampling program of four 250 m spaced traverses was undertaken. These established coherent zones variously containing elevated copper, cobalt, lithium, rare earth element and nickel extending away from and parallel to the workings. The anomalous geochemical zones are interpreted as extending at least 400 m north of the workings and are open to further extension. The mineralisation also remains open to the south of the workings.

A fifth soil sampling traverse was conducted across the prospective strike 4km north of the Cartarpo Mine. This established a different anomalous signature in; gold, silver, copper and zinc, and will be subject to investigation for separate target potential.

The recent completed Government MT survey has enhanced the prospectivity of the Cartarpo region. Investigator proposes to undertake additional mapping and soil sampling to refine the geometries, orientations and extent of the targets.

Financial Position

Exploration expenditure for the year was \$2,775,834, of which \$2.22 million was directed to the Paris/Nankivel opportunities. Net administration expenses and employee benefits for the year totalled approximately \$1.33 million. In addition, a research and development tax refund of \$858,006 was received during May 2018, for the 2016/17 financial year.

The loss for the year included \$814,974 of impaired capitalised exploration expenditure relating to Botenella Gate (EL5406) and Barna Hill (EL4726) tenements in the Eastern Eyre Peninsula and other tenements relinquished during the year.

At 30 June 2018, the Company had total cash and cash equivalents of \$2.9 million.

Outlook and Future Developments

The Company completed a review of the corporate strategy and management structure of the Company, principally due to the challenges of raising capital to financing high risk exploration from traditional sources in the current market.

In the past the sources of high risk exploration funds which would support high risk exploration were a permissive market environment and joint ventures with major and midcap companies. The latter has essentially disappeared owing to competition in a global exploration market where major companies can select projects from a large pool of hopeful applicants, and the resource capital markets have moved on and now tend to favour industrial commodities and advanced, if high risk exploration, in destinations external to Australia. The latter reflects a balance between geological and country risk and generally speaking the lack of significant mainstream discoveries in the past 10 years. The Company has announced the following initiatives to place the Company more favourably in a challenging market environment.

• Paris Silver Project

The Paris Silver Prospect is the key asset of the Company providing significant upside to the silver market. A JORC compliant resource of 42 million ounces of silver positions Paris as one of the best undeveloped silver projects in Australia.

Work will continue to investigate opportunities to improve metallurgical recoveries, with focus upon a better understanding of the geological and chemical domains of the mineralisation.

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

Outlook and Future Developments (continued)

• Maslins IOCG Target

Maslins is a high profile IOCG target located on the Stuart Shelf. MT surveys by Geoscience Australia and proprietary data compiled by Investigator has defined a drillable target realistically analogous to Olympic Dam. This potential has attracted interest from several parties and discussions are in progress which should see Maslins drilled in the final quarter of 2018.

• Regional Exploration

A review of the Company's exploration assets is currently underway and a rationalisation of the property portfolio will ensue over the next two quarters.

• Project Generation

The Company aims to acquire a high-profile advanced exploration project by the end of 2018. No restriction as to commodity focus or jurisdiction is currently defined. Considering the supportive shareholder base, sufficient available cash and the augmented corporate capacity to advance other opportunities in the Board and management, a number of projects have been offered independently to Investigator over the past three months. These opportunities will continue to be reviewed.

Competent Person Compliance Statement

The information in this presentation relating to exploration results is based on information compiled by Mr. John Anderson who is a full-time employee of the company. Mr. Anderson is a member of the Australasian Institute of Mining and Metallurgy. Mr. Anderson has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Anderson consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The information in this announcement that relates to Mineral Resources Estimates at the Paris Silver Project is extracted from the report entitled "Significant 26% upgrade for Paris Silver Resource to 42Moz contained silver" dated 19 April 2017 and is available to view on the Company website www.investores.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

A. Principles and Agreements

Directors

The Company's Constitution provides that the Directors may be paid, as remuneration for their services, a sum determined from time to time by the Company's Shareholders in general meeting, with that sum to be divided amongst the Directors in such manner as they agree.

Each of the non-executive Directors has entered into an agreement with the Company on standard commercial terms for their respective appointments. Remuneration and other special terms of the agreements are summarised as follows:

David Ransom

- appointment as non-executive Chairman (subject to re-election as required by the Company's constitution);
- annual non-executive Chairman fees of \$65,000 inclusive of any superannuation entitlement where appropriate.
- As part of his appointment, Mr Ransom was granted 2,500,000 unlisted options exercisable at \$0.048 and expiring on 23 January 2020 as approved by shareholders at the Annual General Meeting held on 30 November 2017.

Kevin Wilson

- appointment effective from 20 September 2017 as non-executive Director (subject to re-election as required by the Company's constitution);
- annual non-executive director's fees of \$60,000 inclusive of any superannuation entitlement where appropriate.

Andrew McIlwain

- appointment effective from 20 June 2018 as non-executive Director (subject to re-election as required by the Company's constitution);
- annual non-executive director's fees of \$30,000 inclusive of any superannuation entitlement where appropriate.

Bruce Foy (resigned effective from 30 June 2018)

- appointment as non-executive Director (subject to re-election as required by the Company's constitution);
- annual non-executive director's fees increased of \$60,000 inclusive of any superannuation entitlement where appropriate.

A Director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the *Corporations Act 2001*. If such a Director does vote, his or her vote will not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a general meeting if permitted by the *Corporations Act 2001*.

Managing Director Service Agreement

The Company has entered into an employment agreement with John Anderson for him to act as Managing Director. Remuneration payable pursuant to the package is as follows:

- Base salary for the 2018 financial year of \$275,625 per annum (subject to annual review).
- Superannuation entitlement at 15% of the base salary.
- Annual short-term incentives of up to \$100,000 with the quantum to be assessed in accordance with KPI's to be agreed by the Board and the Managing Director.

**INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT**

A. Principles and Agreements (continued)

Managing Director Service Agreement (continued)

- Long term incentives through the annual issue of share options having a value of up to \$80,000.

The agreement may be terminated by the Company giving 12 months' notice or paying 12 months' salary in lieu of notice.

Company Secretary

The Company has entered into an agreement with Angelo Gaudio and his company to provide services as Company Secretary and Chief Financial Officer. Services are to be provided on a part time basis and at a rate of \$10,000 per month plus GST plus expenses. The agreement may be terminated by either party on 1 months' notice.

Commercial Manager

The Company has entered into an employment agreement with Alex Thin in his role as Commercial Manager. Remuneration payable pursuant to the package is as follows:

- Base salary for the 2018 financial year of \$200,000 per annum.
- Superannuation entitlement currently at 9.5% of the base salary.

Relationship between Remuneration Policy and Financial Performance

The Company is a minerals exploration entity and as such there is no direct relationship between the remuneration policy and the Company's financial performance.

Share prices at the end of the current financial year and the previous four financial years were:

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Share Price (cps) | 1.1 | 3.0 | 3.4 | 1.3 | 4.0 |

Share prices are subject to market sentiment and the international metal prices which may move independently of the performance of the Key Management Personnel.

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

B. Key Management Personnel Remuneration

Remuneration received or receivable by Key Management Personnel was as follows:

| Key Management Personnel | Short-term Benefits | | | Long Service Leave | Share Based Payments - Options | Total | Performance based remuneration % | Remuneration at Risk - STI % |
|----------------------------|---------------------|--------------------------------------|--|--------------------|--------------------------------|------------------|----------------------------------|------------------------------|
| | Fees and/or Salary | Cash, Profit Sharing / Other Bonuses | Post-Employment Benefits Super - annuation | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| 2018 | | | | | | | | |
| D. M. Ransom | 59,361 | - | 5,639 | - | 10,913 ⁸ | 75,913 | 14.4 | - |
| J. A. Anderson | 275,625 | 42,000 ⁷ | 41,344 | 8,562 | - | 367,531 | 11.4 | 11.4 |
| D. G. Jones ³ | 20,548 | - | 1,952 | - | - | 22,500 | - | - |
| B. E. Foy ⁵ | 54,795 | - | 5,205 | - | - | 60,000 | - | - |
| K.J. Wilson ⁴ | 43,414 | - | 4,124 | - | - | 47,538 | - | - |
| A. McIlwain ⁶ | 1,674 | - | 159 | - | - | 1,833 | - | - |
| M. A. Gaudio | 120,000 | - | - | - | - | 120,000 | - | - |
| A. R. T. Thin | 200,000 | - | 19,000 | - | - | 219,000 | - | - |
| Totals | 775,417 | 42,000 | 77,423 | 8,562 | 10,913 | 914,315 | 5.8 | 4.6 |
| 2017 | | | | | | | | |
| D. M. Ransom ¹⁰ | 26,197 | - | 2,489 | - | - | 28,686 | - | - |
| R. Marshall ^{1,2} | 30,515 | - | 2,960 | - | - | 33,475 | - | - |
| J. A. Anderson | 275,625 | 156,862 ⁹ | 41,344 | 9,362 | 62,381 ⁹ | 545,574 | 40.2 | 28.8 |
| D. G. Jones ¹ | 52,456 | - | 2,169 | - | - | 54,625 | - | - |
| B. E. Foy ¹ | 49,846 | - | 4,779 | - | - | 54,625 | - | - |
| M. A. Gaudio | 120,000 | - | - | - | - | 120,000 | - | - |
| A. R. T. Thin | 200,000 | - | 19,000 | - | - | 219,000 | - | - |
| Totals | 754,639 | 156,862 | 72,741 | 9,362 | 62,381 | 1,055,985 | 20.8 | 14.9 |

Notes:

1. During November 2015, the board resolved to suspend the Non-executive Director's Share Scheme and also resolved that the non-executive directors implement a voluntary 30% reduction in fees effective from 1 December 2015. The voluntary 30% reduction ceased on 1 August 2016 and effective from 1 October 2016 annual non-executive director's fees increased from \$55,000 to \$60,000 inclusive of any superannuation entitlement where appropriate.
2. R. Marshall (Non-executive Chairman) retired effective 31 December 2016.
3. D. G. Jones (Non-executive Director) retired effective 20 September 2017.
4. K. J. Wilson was appointed as a Non-executive Director effective 15 September 2017.
5. B. E. Foy (Non-executive Director) retired effective 30 June 2018.
6. A. McIlwain was appointed as a Non-executive Director effective from 20 June 2018.
7. During the year ended 30 June 2018, the Managing Director was allocated a discretionary cash bonus of \$42,000 by the board based on a performance review reflecting the one-year period from 1 July 2016 through 30 June 2017.
8. D.M Ransom was granted 2,500,000 unlisted options exercisable at \$0.048 and expiring on 23 January 2020 as approved by shareholders at the Annual General Meeting held on 30 November 2017 (refer to Note 17 (b) of the Notes to the Financial Statements).
9. The Managing Director was allocated a discretionary bonus by the board based on a performance review reflecting a two-year period from 1 July 2014 through 30 June 2016 and a long-term incentive of 3,415,000 unlisted options exercisable at \$0.036 and expiring on 22 November 2019 as approved by shareholders at the Annual General Meeting held on 22 November 2016 (refer to Note 17 (b) of the Notes to the Financial Statements).
10. D. M. Ransom was appointed as Non-executive director and elected as Chairman effective 23 January 2017.

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

C. Equity Instruments

a) Movements in share holdings

The movement during the year in the number of ordinary shares in the Company held directly, indirectly or beneficially by each key management person, including their related parties, follows:

| Name | Balance at beginning of year | Acquired | | | Balance at end of the year |
|---------------------------|-------------------------------------|-------------------------|----------------------|--------------------------|-----------------------------------|
| | | As Remuner-ation | Other | Options Exercised | |
| 2018 | | | | | |
| D. M. Ransom | 550,000 | - | 575,375 ⁷ | - | 1,125,375 |
| J. A. Anderson | 5,627,063 | - | 575,375 ⁷ | - | 6,202,438 |
| B. E. Foy ⁶ | 4,401,499 | - | 575,375 ⁷ | - | 4,976,874 |
| D. G. Jones ³ | 857,672 | - | - | - | 857,672 |
| K.J. Wilson ⁴ | - | - | - | - | - |
| A. McIlwain ⁵ | - | - | - | - | - |
| M. A. Gaudio | - | - | - | - | - |
| A. R. T. Thin | 408,199 | - | 575,375 ⁷ | - | 983,574 |
| 2017 | | | | | |
| D. M. Ransom ¹ | - | - | 550,000 | - | 550,000 |
| R. Marshall ² | 3,485,139 | - | - | - | 3,485,139 |
| J. A. Anderson | 1,792,063 | - | - | 3,835,000 | 5,627,063 |
| B. E. Foy | 4,401,499 | - | - | - | 4,401,499 |
| D. G. Jones | 857,672 | - | - | - | 857,672 |
| M. A. Gaudio | - | - | - | - | - |
| A. R. T. Thin | 408,199 | - | - | - | 408,199 |

Notes:

1. D. M. Ransom was appointed as Non-executive director and elected as Chairman effective 23 January 2017.
2. R. Marshall (Non-executive Chairman) retired effective 31 December 2016.
3. D. G. Jones (Non-executive Director) retired effective 20 September 2017.
4. K. J. Wilson was appointed as a Non-executive Director effective 15 September 2017.
5. A. McIlwain was appointed as a Non-executive Director effective from 20 June 2018.
6. B. E. Foy (Non-executive Director) retired effective 30 June 2018.
7. Shares acquired as part of the Share Purchase Plan announced on 19 October 2017.

All on market purchases and sales complied with the Board's Securities Trading Policy which permits trading by Directors and executives during certain periods in the absence of knowledge of price-sensitive information.

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

C. Equity Instruments (continued)

b) Movement in option holdings

The movement during the year in the number of options over ordinary shares in the Company held directly, indirectly or beneficially by each key management person, including their related parties, was as follows:

| Name | Balance at beginning of year | Received as Remuneration | Acquired – Share Purchase Plan ¹¹ | Disposals | | Balance at end of the year |
|---------------------------|-------------------------------------|---------------------------------|---|------------------|----------------------------|-----------------------------------|
| | | | | Exercised | Lapsed | |
| 2018 | | | | | | |
| D. M. Ransom | - | 2,500,000 | 575,375 | - | - | 3,075,375 |
| J. A. Anderson | 3,415,000 | - | 575,375 | - | - | 3,990,375 |
| B. E. Foy ¹⁰ | - | - | 575,375 | - | - | 575,375 |
| D. G. Jones ⁷ | - | - | - | - | - | - |
| K.J. Wilson ⁸ | - | - | - | - | - | - |
| A. McIlwain ⁹ | - | - | - | - | - | - |
| M. A. Gaudio | - | - | - | - | - | - |
| A. R. T. Thin | 2,340,000 | - | 575,375 | - | (2,340,000) ³ | 575,375 |
| 2017 | | | | | | |
| D. M. Ransom ⁶ | - | - | - | - | - | - |
| R. Marshall ⁵ | 981,469 | - | - | - | (981,469) ⁴ | - |
| J. A. Anderson | 5,497,019 | 3,415,000 | - | (3,835,000) | (1,662,019) ^{1,4} | 3,415,000 |
| B. E. Foy | 1,114,668 | - | - | - | (1,114,668) ⁴ | - |
| D. G. Jones | 230,764 | - | - | - | (230,764) ⁴ | - |
| M. A. Gaudio | - | - | - | - | - | - |
| A. R. T. Thin | 2,862,500 | - | - | - | (522,500) ^{2,4} | 2,340,000 |

Notes:

1. 1,150,000 unlisted options issued to J. A. Anderson, which lapsed during the year, were issued in the 2014 financial year.
2. 360,000 unlisted options issued to A. R. T. Thin, which lapsed during the year, were issued in the 2014 financial year.
3. 2,340,000 unlisted options issued to A. R. T. Thin, which lapsed during the year, were issued in the 2015 financial year.
4. Listed options issued to key management persons, which lapsed during the year, were issued as part of the Rights Issue in the 2014 financial year.
5. R. Marshall (Non-executive Chairman) retired effective 31 December 2016.
6. D. M. Ransom was appointed as Non-executive director and elected as Chairman effective 23 January 2017.
7. D. G. Jones (Non-executive Director) retired effective 20 September 2017.
8. K. J. Wilson was appointed as a Non-executive Director effective 15 September 2017.
9. A. McIlwain was appointed as a Non-executive Director effective from 20 June 2018.
10. B. E. Foy (Non-executive Director) retired effective 30 June 2018.
11. Listed options acquired as part of the Share Purchase Plan announced on 19 October 2017.

D. Other Transactions with Key Management Personnel

There were no related party transactions with Key Management Personnel during the year.

End of audited Remuneration Report

INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT

DIRECTORS' AND COMMITTEE MEETINGS

The number of meetings of the Company's Board of Directors held during the year and the number of meetings attended by each Director was:

| Director | 2018 | |
|-----------------------------|-----------------------|----------|
| | Eligible to Attend | Attended |
| D. M. Ransom | 8 | 7 |
| J. A. Anderson ⁵ | 8 | 8 |
| D. G. Jones ¹ | 2 | 2 |
| B. E. Foy ⁴ | 8 | 8 |
| K. J. Wilson ² | 6 | 6 |
| A. McIlwain ³ | 0 | 0 |

Notes:

1. D. G. Jones (Non-executive Director) retired effective 20 September 2016.
2. K. J. Wilson was appointed as Non-executive director effective 15 September 2017.
3. A. McIlwain was appointed as Non-executive director effective 20 June 2018.
4. B. E. Foy (Non-executive Director) resigned effective 30 June 2018.
5. J. A. Anderson (Managing Director) resigned effective 16 August 2018.

Due to its size and activities the Company does not have separate Board committees.

DIVIDENDS

No dividends were declared and paid during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year, other than disclosed in this report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On the 16 August 2018 the Company announced that Mr John Anderson stepped down from his long-term role of Managing Director of Investigator (Please refer to Note 26 of the notes to the financial statements).

Other than as set out in this report and the attached financial statements, no matters or circumstances have arisen since 30 June 2018, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS

During the next financial year, the Company will pursue the strategy set out in the Operating and Financial Review above.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company is required to indemnify Directors, and other officers of the Company against certain liabilities which they may incur as a result of or by reason of (whether solely or in part) being or acting as an officer of the Company.

During the financial year, the Company paid a premium to insure the Directors against potential liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Director of the Company other than conduct involving wilful breach of duty in relation to the Company. The amount of the premium is not disclosed as it is considered confidential.

The Company provides no indemnity to any auditor.

**INVESTIGATOR RESOURCES LIMITED
DIRECTORS' REPORT**

ENVIRONMENTAL REGULATION

The Company's operations are subject to significant environmental regulation under Commonwealth, State and Territory legislation in relation to the discharge of hazardous waste and minerals arising from exploration activities conducted by the Company on any of its tenements. At the date of this report there have been no known breaches of any environmental obligations.

SHARE OPTIONS

At the date of this report there were 166,575,226 unissued ordinary shares under option (11,015,000 at 30 June 2017). During the financial year ended 30 June 2018, 160,660,226 listed options were issued in conjunction with fundraising activities and 2,500,000 unlisted options were issued to D.M. Ransom as approved by shareholders at AGM held on 30 November 2017. No options have been exercised since the year end to the date of this report.

Each option is convertible to one ordinary share. An option holder does not have the right to participate in any other share issue of the Company or of any other entity.

CORPORATE GOVERNANCE

The board of directors of the Company ("Board") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of its shareholders by whom they are elected and to whom they are accountable. The Company believes that good corporate governance enhances investor confidence and adds value to stakeholders. The Board continually monitors and reviews its policies, procedures and charters with a view to ensure its compliance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations, 3rd Edition" to the extent considered appropriate for the size of the Company and its scale of its operations.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Grant Thornton. 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 nature and scope of non-audit service provided means that auditor independence was not compromised.

Grant Thornton received or is due to receive the following amounts for the provision of non-audit services during the year ended 30 June 2018:

| | 2018 | 2017 |
|------------------------------|-------------|-------------|
| | \$ | \$ |
| Taxation compliance services | 6,900 | 6,501 |

Signed in accordance with a resolution of the Directors.

D M Ransom
Chairman
Adelaide
27 August 2018

A McIlwain
Acting Chief Executive Officer
Adelaide
27 August 2018

AUDITORS' INDEPENDENCE REPORT



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T 08 8372 6666
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W www.grantthornton.com.au

Auditor's Independence Declaration To the Directors of Investigator Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Investigator Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink that reads "J L Humphrey".
Partner – Audit & Assurance

Adelaide, 27 August 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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INVESTIGATOR RESOURCES LIMITED

ABN 90 115 338 979

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2018

| | Note | 2018 \$ | Consolidated 2017 \$ |
|---|------|--------------------|----------------------------|
| Other Income | 3 | 73,794 | 98,790 |
| Less expenses: | | | |
| Administrative expenses | 4 | (725,107) | (740,406) |
| Employee benefit expenses | 4 | (607,566) | (733,885) |
| Profit on disposal of plant & equipment | | - | 37,375 |
| Exploration and evaluation expenses written off | 7 | (814,974) | (3,083,164) |
| Loss before income tax expense | | (2,073,853) | (4,421,290) |
| Income tax benefit | 6(a) | 1,492,392 | 796,032 |
| Loss attributable to members of the company | | (581,461) | (3,625,258) |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year attributable to the members of the company | | (581,461) | (3,625,258) |
| Basic and diluted earnings per share (cents per share) | 5 | (0.08) | (0.63) |

The accompanying notes form part of these financial statements

INVESTIGATOR RESOURCES LIMITED

ABN 90 115 338 979

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

| | Note | Consolidated | 2018 | 2017 |
|--------------------------------------|-------|-------------------|-------------------|------|
| | | \$ | \$ | \$ |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 2 | 2,889,752 | 2,833,687 | |
| Inventories | 9 | 12,679 | 4,068 | |
| Trade and other receivables | 11 | 655,395 | 279,611 | |
| Other Assets | 12 | 33,443 | 30,490 | |
| Total Current Assets | | 3,591,269 | 3,147,856 | |
| NON-CURRENT ASSETS | | | | |
| Exploration and evaluation assets | 8 | 30,590,976 | 28,630,115 | |
| Plant and equipment | 10 | 7,066 | 7,471 | |
| Other assets | 12 | 24,202 | 24,202 | |
| Total Non-Current Assets | | 30,622,244 | 28,661,788 | |
| TOTAL ASSETS | | 34,213,513 | 31,809,644 | |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 13 | 249,816 | 424,626 | |
| Employee benefit provisions | 14(a) | 332,481 | 385,255 | |
| Total Current Liabilities | | 582,297 | 809,881 | |
| NON-CURRENT LIABILITIES | | | | |
| Employee benefit provisions | 14(b) | 69,104 | 25,446 | |
| Total Non-Current Liabilities | | 69,104 | 25,446 | |
| TOTAL LIABILITIES | | 651,401 | 835,327 | |
| NET ASSETS | | 33,562,112 | 30,974,317 | |
| EQUITY | | | | |
| Contributed equity | 15 | 53,070,322 | 50,082,204 | |
| Share option reserve | 16 | 243,519 | 962,451 | |
| Accumulated losses | | (19,751,729) | (20,070,378) | |
| TOTAL EQUITY | | 33,562,112 | 30,974,317 | |

The accompanying notes form part of these financial statements.

INVESTIGATOR RESOURCES LIMITED

ABN 90 115 338 979

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

| | Note | Share Capital \$ | Accumulated Losses \$ | Share Option Reserve \$ | Total \$ |
|---|-------|---------------------|--------------------------|----------------------------|-------------------|
| 2017 | | | | | |
| Balance at 30 June 2016 | | 44,937,503 | (16,445,080) | 900,070 | 29,392,493 |
| Transactions with owners: | | | | | |
| Shares issued during the year | | 5,553,061 | - | - | 5,553,061 |
| Share issue costs | | (408,360) | - | - | (408,360) |
| Options issued to key management personnel | | - | - | 62,381 | 62,381 |
| Total transactions with owners | | 5,144,701 | - | 62,381 | 5,207,082 |
| Loss attributable to members of the company | | - | (3,625,258) | - | (3,625,258) |
| Balance at 30 June 2017 | | 50,082,204 | (20,070,338) | 962,451 | 30,974,317 |
| 2018 | | | | | |
| Transactions with owners: | | | | | |
| Shares issued during the year | | 3,400,001 | - | - | 3,400,001 |
| Share issue costs | | (411,883) | - | - | (411,883) |
| Listed Options issued to Fundraising Manager | 17(b) | - | - | 170,225 | 170,225 |
| Options issued to key management personnel | 17(c) | - | - | 10,913 | 10,913 |
| Total transactions with owners | | 2,988,118 | - | 181,138 | 3,169,256 |
| Expired Options adjusted to Retained Earnings | 16 | - | 900,070 | (900,070) | - |
| Loss attributable to members of the company | | - | (581,461) | - | (581,461) |
| Balance at 30 June 2018 | | 53,070,322 | (19,751,729) | 243,519 | 33,562,112 |

The accompanying notes form part of these financial statements

INVESTIGATOR RESOURCES LIMITED

ABN 90 115 338 979

STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

| | | Consolidated | |
|--|-------------|---------------------|--------------------|
| | | 2018 | 2017 |
| | Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received | | 73,377 | 93,825 |
| Research and development refund | 6 | 858,006 | 796,032 |
| Other Income | | 227 | - |
| Payments to suppliers and employees | | <u>(1,317,204)</u> | <u>(1,262,376)</u> |
| Net cash provided by (used in) operating activities | 7 | (385,594) | (372,519) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Exploration expenditure | | (2,948,354) | (3,442,911) |
| Payments for plant and equipment | | (6,324) | (2,991) |
| Proceeds from disposal of plant and equipment | | - | 50,000 |
| PACE Grant funding received | | 237,994 | - |
| Net cash provided by (used in) investing activities | | (2,716,684) | (3,395,902) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | 3,400,001 | 5,553,060 |
| Costs associated with share issue | | <u>(241,658)</u> | <u>(408,360)</u> |
| Net cash provided by (used in) financing activities | | 3,158,343 | 5,144,700 |
| Net increase (decrease) in cash held | | 56,065 | 1,376,279 |
| Cash at beginning of year | | 2,833,687 | 1,457,408 |
| Cash at end of year | 2 | 2,889,752 | 2,833,687 |

The accompanying notes form part of these financial statements.

INVESTIGATOR RESOURCES LIMITED
 ABN 90 115 338 979
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

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INVESTIGATOR RESOURCES LIMITED

ABN 90 115 338 979

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2018

ABOUT THIS REPORT

The financial report covers the consolidated group of Investigator Resources Limited and its controlled entities. Investigator Resources Limited (the Company) is a for profit company limited by shares incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange.

The registered office and principal place of business is as follows:

18 King Street
NORWOOD SA 5067

The consolidated financial statements for the year ended 30 June 2018 (including comparatives) were approved and authorised for issue by the Board of Directors on 27 August 2018.

1. Accounting Policies

(a) Basis of Preparation

This general purpose financial report has been prepared on a going concern basis in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements and notes of Investigator Resources Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

i) Basis of Accounting

These financial statements have been prepared on an accruals basis under the historical cost convention, as modified by the revaluation of selected noncurrent assets, financial assets and liabilities for which the fair value basis of accounting has been applied.

ii) Going Concern

These financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. This includes the realisation of capitalised exploration expenditure of \$30,590,976 (30 June 2017: \$28,630,115).

The consolidated group has incurred a net loss after tax for the year ended 30 June 2018 of \$581,461 (30 June 2017: \$3,625,258) and operations were funded by a net cash outflow, from operating and investing activities of \$3,102,277 (30 June 2017: net cash outflow of \$3,768,421). At 30 June 2018, the consolidated group had net current assets of \$3,008,972 (30 June 2017: net current assets of \$2,337,975).

The consolidated group's ability to continue as a going concern is contingent on raising additional capital and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development. Should the consolidated entity not achieve the matters set out above, there would then be significant uncertainty over the ability of the consolidated entity to continue as a going concern, and, therefore, it may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the 2018 annual financial report.

The 2018 annual financial report does not include any adjustments that may be necessary if the consolidated group is unable to continue as a going concern.

iii) Functional and Presentation Currency

The Company's functional and presentation currency is Australian dollars.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the Financial Statements.

INVESTIGATOR RESOURCES LIMITED

ABN 90 115 338 979

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2018

1. Accounting Policies (continued)

(b) Principles of Consolidation

A controlled entity is any entity controlled by the Company. Control exists where the parent entity has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the parent entity to achieve the parent entity's objectives. A list of controlled entities is contained at Note 19. All controlled entities have a June year end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(c) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Goods & Services Tax (GST) receivable from, or payable to, the Australian Taxation Office has been accounted for and included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis except for the GST component of investing activities, which are disclosed as an operating cash flow.

(d) Restoration Costs

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the exploration and mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(e) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowing using the effective interest rate method.

INVESTIGATOR RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

1. Accounting Policies (continued)

(f) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

The Company makes estimates and judgements in applying the accounting policies. Critical judgements in respect of accounting policies relate to exploration and evaluation assets, whereby exploration and evaluation expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

(g) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the consolidated financial statements.

(h) Key estimates and judgements

In applying the Consolidated Entity's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

- Note 8 Exploration and evaluation
- Note 17 Share-based payments
- Note 18 Financial Instruments

INVESTIGATOR RESOURCES LIMITED
 ABN 90 115 338 979
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

| | Consolidated | |
|---|------------------|------------------|
| | 2018 | 2017 |
| | \$ | \$ |
| 2. Cash and Cash Equivalents | | |
| Cash at bank and on hand | 2,889,752 | 2,833,687 |
| Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than 3 months, net of bank overdrafts. At balance date, the ANZ bank provided the Company with a business credit card facility with a limit of \$50,000. Credit card transactions are reconciled monthly and credit card balances payable are included in trade and other payables. | | |
| 3. Other Income | | |
| Operating activities: | | |
| Other Income | 227 | 238 |
| Interest received and receivable from other persons | <u>73,567</u> | <u>98,552</u> |
| | 73,794 | 98,790 |
| <i>Revenue Recognition</i> | | |
| Interest income is recognised on a time proportion basis using the effective interest method. | | |
| 4. Expenses from Continuing Operations | | |
| <i>Employee benefit expenses</i> | | |
| Benefits provided to employees | 1,683,896 | 1,801,904 |
| Charged to exploration and evaluation projects | (1,087,243) | (1,130,400) |
| Employee options expense | <u>10,913</u> | <u>62,381</u> |
| Total employee benefits expense | 607,566 | 733,885 |
| <i>Administrative expenses:</i> | | |
| Audit fees | 48,483 | 46,179 |
| Other professional services paid to related entities of the auditor | 6,900 | 6,501 |
| Company secretarial fees | 120,000 | 120,000 |
| Depreciation | 6,728 | 70,596 |
| Directors fees (non-executives) | 179,951 | 159,058 |
| Insurance and legal | 46,526 | 38,447 |
| Minimum lease rental payments | 21,765 | 17,363 |
| Office expenses | 308,137 | 331,464 |
| Other expenses | 121,914 | 83,993 |
| Shareholder communications (includes ASX fees) | 94,870 | 106,170 |
| Expenditure allocated to exploration and evaluation projects | <u>(230,167)</u> | <u>(239,365)</u> |
| Total administrative expenses | 725,107 | 740,406 |

5. Earnings Per Share (EPS)

| | No. | No. |
|---|--------------------|--------------------|
| Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted EPS | 685,501,297 | 575,626,531 |

INVESTIGATOR RESOURCES LIMITED
 ABN 90 115 338 979
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

| | Consolidated | |
|---|---------------------|---------------------|
| | 2018 | 2017 |
| | \$ | \$ |
| 5. Earnings Per Share (EPS) (continued) | | |
| Options are considered potential ordinary shares. For the year ended 30 June 2018, their conversion to ordinary shares would have had the effect of reducing the loss per share from continuing operations. Accordingly the options were not included in the determination of diluted earnings per share for that period. Details relating to options are set out at Notes 15(b), 15(c), 17(b) and 17(c). | | |
| <i>Basic earnings per Share</i> | | |
| Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than shares, by the weighted average number of shares outstanding during the financial year, adjusted for any bonus elements in Shares issued during the year. | | |
| <i>Diluted earnings per Share</i> | | |
| Diluted earnings per share adjusts the figures used in the determination of basic earnings per share and takes into account the after-income tax effect of interest and other financing costs associated with dilutive potential shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares. | | |
| 6. Income Tax | | |
| (a) The components of income tax expense comprise | | |
| Current tax –research & development refund | 1,492,392 | 796,032 |
| Deferred tax | - | - |
| | 1,492,392 | 796,032 |
| (b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows: | | |
| Loss from ordinary activities | (2,073,853) | (3,625,258) |
| Prima facie tax benefit on profit/(loss) from ordinary activities before income tax at 27.5% (2017: 30%) | (570,310) | (1,087,577) |
| Add/(less) tax effect of: | | |
| Adjustment for non-deductible expenses | 3,231 | 19,175 |
| Temporary differences: | | |
| Deductible capital raising costs | (37,558) | (2,680) |
| Allowable exploration and evaluation expenditure | (735,699) | (1,001,472) |
| Prior period exploration and evaluation expenses written off | 196,463 | 901,363 |
| Net non-allowable expenses | (2,636) | (231,762) |
| Research and development tax offsets | (1,492,392) | (796,032) |
| Reduction of losses in prior periods | 550,196 | 539,874 |
| Effects due to change in company tax rate | 1,199,130 | - |
| | (889,575) | (1,659,111) |
| Tax effect of deferred tax assets not brought to account as they do not meet the recognition criteria | 602,817 | (863,079) |
| Current Tax Expense | (1,492,392) | (796,032) |
| (c) Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 27.5% (2017: 30%) | (13,786,739) | (14,389,557) |

INVESTIGATOR RESOURCES LIMITED
 ABN 90 115 338 979
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

| | Consolidated | | | |
|--|------------------|------------------|--|--|
| | 2018 | 2017 | | |
| | \$ | \$ | | |
| 6. Income Tax (continued) | | | | |
| <i>Recognition and measurement</i> | | | | |
| The charge for current income tax expense is based on the result for the period adjusted for non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date. | | | | |
| Any Research and Development tax refunds are recognised on accruals basis as a credit to income tax expense. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. | | | | |
| Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. | | | | |
| Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. | | | | |
| The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. | | | | |
| 7. Cash Flow Information | | | | |
| Reconciliation of Cash Flow from Operations with Loss after Income Tax: | | | | |
| Loss from ordinary activities after income tax | (581,461) | (3,625,258) | | |
| Non-cash flows in profit from ordinary activities: | | | | |
| Depreciation | 6,728 | 70,596 | | |
| Profit on disposal of plant and equipment | - | (50,000) | | |
| Employee options expense | 10,913 | 62,381 | | |
| Exploration expenditure written off | 814,974 | 3,083,164 | | |
| Changes in operating assets and liabilities: | | | | |
| (Increase)/Decrease in trade and other receivables (Incl. 2018 R&D tax) | (613,778) | 11,132 | | |
| (Increase)/Decrease in inventory | (8,611) | 31,026 | | |
| (Increase)/Decrease in other assets | (2,953) | (30,490) | | |
| (Decrease)/Increase in Provisions - current | (18,872) | 7,830 | | |
| (Decrease)/Increase in Provisions – non-current | 9,756 | 44,113 | | |
| (Decrease)/Increase in creditors and accruals | (2,290) | 22,987 | | |
| Cash flows from operations | (385,594) | (372,519) | | |

INVESTIGATOR RESOURCES LIMITED
 ABN 90 115 338 979
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

| | Consolidated | |
|---|-------------------|-------------------|
| | 2018 | 2017 |
| | \$ | \$ |
| 8. Exploration and Evaluation Asset | | |
| Exploration and evaluation expenditure carried forward in respect of areas of interest are: | | |
| Exploration and evaluation phase - at cost | 30,590,976 | 28,630,115 |
| Movement in exploration and evaluation asset: | | |
| Opening balance - at cost | 28,630,115 | 28,296,419 |
| Capitalised exploration expenditure | 2,775,835 | 3,654,854 |
| PACE Funding Grant received offset to exploration & Evaluation | - | (237,994) |
| Written off from discontinued areas of interest | (814,974) | (3,083,164) |
| Carrying amount at the end of the period | 30,590,976 | 28,630,115 |

Recognition and measurement:

Exploration and evaluation expenditure incurred is recognised as exploration and evaluation assets, measured on the cost basis. The expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be re-couped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the Statement of Profit or Loss and Other Comprehensive Income in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

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

Key estimates and judgements:

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

The Company makes estimates and judgements in applying the accounting policies. Critical judgements in respect of accounting policies relate to exploration and evaluation assets, whereby exploration and evaluation expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

9. Inventories

| | | |
|-------------|---------------|--------------|
| Diesel fuel | 12,679 | 4,068 |
|-------------|---------------|--------------|

Recognition and measurement:

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

INVESTIGATOR RESOURCES LIMITED
 ABN 90 115 338 979
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

| | Consolidated | |
|--|--------------|--------------|
| | 2018 | 2017 |
| | \$ | \$ |
| 10. Plant and Equipment | | |
| Plant and equipment at cost | 564,671 | 558,348 |
| Accumulated depreciation | (557,605) | (550,877) |
| Balance | 7,066 | 7,471 |
| Movements in property plant and equipment: | | |
| Opening written down value | 7,471 | 87,700 |
| Additions | 6,323 | 2,992 |
| Proceeds from disposal of plant and equipment | - | (50,000) |
| Profit on disposal of plant and equipment | - | 37,375 |
| Depreciation expense | (6,728) | (70,596) |
| Closing written down value of plant and equipment | 7,066 | 7,471 |

Recognition and measurement:

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation:

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Plant and equipment | 4% - 40% |

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

11. Trade and other receivables

| | | |
|---|----------------|----------------|
| Research and Development expected for year ended 30 June 2018 | 634,386 | - |
| Other receivables | 21,008 | 279,611 |
| | 655,395 | 279,611 |

Recognition and measurement:

Any Research and Development tax refunds are recognised on accruals basis as a credit to income tax expense.

INVESTIGATOR RESOURCES LIMITED
 ABN 90 115 338 979
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

| | Consolidated | |
|-------------------------|---------------|---------------|
| | 2018 | 2017 |
| | \$ | \$ |
| 12. Other Assets | | |
| Current | | |
| Insurance Prepayments | 33,443 | 30,490 |
| Non-current | | |
| Deposits and bonds | 24,202 | 24,202 |

13. Trade and Other Payables

Current unsecured:

| | | |
|--------------------------------------|----------------|----------------|
| Trade payables | 197,147 | 362,117 |
| Sundry payables and accrued expenses | 52,669 | 62,509 |
| Total payables (unsecured) | 249,816 | 424,626 |

Recognition and measurement:

Trade and other payables are non-interest bearing and have maturity dates of less than 90 days. The liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

14. Employee Benefit Provisions

a) Current

| | | |
|------------------------|----------------|----------------|
| Annual Leave | 201,181 | 220,053 |
| Long Service Leave | 131,300 | 165,202 |
| Closing balance | 332,481 | 385,255 |

b) Non-Current

| | | |
|------------------------|---------------|---------------|
| Long Service Leave | 69,104 | 25,446 |
| Closing balance | 69,104 | 25,446 |

Recognition and measurement:

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with entitlements arising from wages and salaries and annual leave, which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred.

INVESTIGATOR RESOURCES LIMITED
 ABN 90 115 338 979
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

| | Consolidated 2018 | Consolidated 2017 |
|---------------------------------------|----------------------|----------------------|
| | \$ | \$ |
| 15. Contributed Equity | | |
| (a) Fully paid ordinary shares | 53,070,322 | 50,082,204 |

The share capital of Investigator Resources Limited consists only of fully paid ordinary shares, which do not have a par value. All shareholders participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

| | | |
|---|-------------------|-------------------|
| Balance at the beginning of the reporting period | 50,082,204 | 44,937,504 |
| Placement & SPP shares issued at \$0.022 per share | 3,400,001 | 5,400,000 |
| Employee options exercised during the year | - | 153,060 |
| Total shares issued during the financial year | 3,400,001 | 5,553,060 |
| Less share issue costs | (411,883) | (408,360) |
| Balance at reporting date | 53,070,322 | 50,082,204 |

| | Consolidated 2018 No | Consolidated 2017 No |
|---|----------------------------|----------------------------|
| Number of shares at the beginning of the reporting period | 585,426,577 | 462,287,960 |
| Placement shares issued | 109,090,910 | 114,893,617 |
| Share Purchase Plan (SPP) shares issued | 45,454,545 | |
| Shares issued upon the exercise of unlisted options | - | 8,245,000 |
| Balance at reporting date | 739,972,032 | 585,426,577 |

(b) Listed Options

| | | |
|--|--------------------|--------------------|
| Number at the beginning of the reporting period | - | 114,179,704 |
| Lapsed during the year unexercised | - | |
| Listed Options issued during the year unexercised | 160,660,226 | (114,179,704) |
| Balance at reporting date | 160,660,226 | - |

During the year 20,000,000 listed fully vested options (exercisable at \$0.035, expiring on 31 December 2020) were issued to PAC Partners Pty Ltd or its nominees in consideration for lead manager services provided to the Company (Lead Manager Options). The fair value of the Lead Manager Options issued was \$170,225 and was determined using the Black Scholes model (refer Note 17 (b) for further information).

During the year a further 140,660,226 listed fully vested options (exercisable at \$0.035, expiring on 31 December 2020) were issued as free attaching options in conjunction with the capital raising activities as announced on 19 October 2017.

The options are listed on the ASX with an exercise price of \$0.035 per share and expiring on 31 December 2020. During the reporting period no listed options were exercised.

INVESTIGATOR RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

| | Consolidated 2018 No. | 2017 No. |
|--|-----------------------------|-------------|
| 15. Contributed Equity (continued) | | |
| (c) Unlisted Options | | |
| Balance at the beginning of the reporting period | 11,015,000 | 19,555,000 |
| Options issued to Key Management Personnel (KMP) during the period | 2,500,000 | 3,415,000 |
| KMP Options lapsed during the period | (2,340,000) | (1,510,000) |
| KMP Options exercised during the period | - | (3,835,000) |
| Options issued to Employees during the period | - | - |
| Employee options lapsed during the period | (5,260,000) | (2,200,000) |
| Employee Options exercised during the period | - | (4,410,000) |
| Balance at reporting date | 5,915,000 | 11,015,000 |

The Company issued 2,500,000 unlisted options to KMP during the reporting period. The options are fully vested, unlisted and have an exercise price and expiry date as set out in Note 17(c) below. During the reporting period no KMP options were exercised and 2,340,000 KMP options lapsed.

The fair value of all options issued during the year as part of KMP remuneration was \$10,913 (2016: \$62,381) and was determined using the Black Scholes model (refer Note 17 (c) for further information).

There were no unlisted options issued to employees during the reporting period. No employee options were exercised and 5,260,000 employee options lapsed during the reporting period.

Subsequent to year ended 30 June 2018, no employee unlisted options have been exercised.

Recognition and measurement:

Ordinary share capital is recognised at the fair value of the consideration received.

Any transaction costs arising on the issue of shares are recognised (net of tax) directly in equity as a reduction of the share proceeds received.

| | Consolidated 2018 \$ | Consolidated 2017 \$ |
|--|----------------------------|----------------------------|
| 16. Reserves | | |
| Share Option Reserve | | |
| Balance at the beginning of the reporting period | 962,451 | 900,070 |
| Share-based payment expense | 181,138 | 62,381 |
| Expired and lapsed options adjusted to Retained Earnings | (900,070) | - |
| Balance at reporting date | 243,519 | 962,451 |

Recognition and measurement:

The share option reserve records items recognised as expenses or issue costs on valuation of options. Refer to Note 17 for share based payments made during the year ended 30 June 2018.

During the reporting period an adjustment was recorded to the reserves account for the value of \$816,409 for options expired and lapsed held in the share option reserve account. The fair value of these expired and lapsed options was transferred to retained losses during the reporting period.

INVESTIGATOR RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

17. Share Based Payments

a) Shares

During the reporting period there were no share-based payments issued to Directors or KMP.

b) Listed Options

During the year 20,000,000 listed fully vested options (exercisable at \$0.035, expiring on 31 December 2020) were issued to PAC Partners Pty Ltd or its nominees in consideration for lead manager services provided, as approved by shareholders at the Annual General Meeting held on 30 November 2017. Details of the listed options issued are set out at Note 15 (b) above.

The fair value of the options was determined as of \$170,225 using the Black Scholes option pricing model using the following inputs:

| | |
|---|---------|
| Weighted average share price at date of grant(\$) | 0.022 |
| Weighted average exercise price (\$) | 0.035 |
| Weighted average volatility % | 74.852 |
| Weighted average risk free rate % | 2.015 |
| Days to expiry | 1,163 |
| Fair value of options \$ | 170,225 |

c) Unlisted Options

During the year 2,500,000 unlisted fully vested options (exercisable at \$0.048, expiring on 23 January 2020) were issued to the Investigator's Chairman, D. M. Ransom, as approved by shareholders at the Annual General Meeting held on 30 November 2017. Details of the options issued are set out at Note 15 (c) above.

The fair value of the options was determined as of \$10,913 using the Black Scholes option pricing model using the following inputs:

| | |
|---|--------|
| Weighted average share price at date of grant(\$) | 0.021 |
| Weighted average exercise price (\$) | 0.048 |
| Weighted average volatility % | 75.137 |
| Weighted average risk free rate % | 1.75 |
| Days to expiry | 785 |
| Fair value of options \$ | 10,913 |

Recognition and measurement:

The Company has provided benefits to certain employees and or key management personnel in the form of options.

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

The fair value of options is ascertained using a Black Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Key estimates and judgements:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

INVESTIGATOR RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

17. Share Based Payments (continued)

c) Unlisted Options (continued)

Details of unlisted share options on issue to KMP and other employees and weighted average exercise prices were as follows:

| | KMP | | Employees | |
|------------------------------------|----------------------|--|----------------------|--|
| | No of Options | Weighted Average exercise price | No of Options | Weighted Average exercise price |
| Outstanding at 30 June 2016 | 7,685,000 | \$0.031 | 11,870,000 | \$0.031 |
| Granted | 3,415,000 | \$0.036 | - | - |
| Lapsed | (1,510,000) | \$0.074 | (2,200,000) | \$0.077 |
| Exercised | (3,835,000) | \$0.021 | (4,410,000) | \$0.016 |
| Outstanding at 30 June 2017 | 5,755,000 | \$0.030 | 5,260,000 | \$0.038 |
| Granted / Issued | 2,500,000 | \$0.048 | - | - |
| Lapsed | (2,340,000) | \$0.020 | (5,260,000) | \$0.038 |
| Exercised | - | - | - | - |
| Outstanding at 30 June 2018 | 5,915,000 | \$0.041 | - | - |

18. Financial Instruments

a) Financial Risk Management

The consolidated entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable, accounts payable and loans to related parties.

i) Treasury Risk Management

The Board of the consolidated entity considers interest rate exposure and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts.

ii) Financial Risks

The main risks the consolidated entity is exposed to through its financial instruments are liquidity risk and credit risk. The consolidated entity has no exposure to foreign currency risk.

Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The credit risk for cash and cash equivalents is considered negligible as the consolidated entity invests its surplus funds with reputable Australian banks with high quality external credit ratings. The consolidated entity does not have any other material credit risk exposure to any single material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

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for the year ended 30 June 2018

18. Financial Instruments (continued)

b) Financial Instruments

i) Interest Rate Risk, Financial Instrument Composition and Maturity Analysis

The consolidated entity's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The following table details the period to maturity and exposure to interest rate risk at the reporting date. All other financial assets and liabilities are non-interest bearing and have maturity dates of less than 90 days.

| | Weighted Average Interest Rate | Average Cash Balance \$ |
|---------------------------|--------------------------------|-------------------------|
| 2018 | | |
| Cash and cash equivalents | 2.3% | 3,144,269 |
| 2017 | | |
| Cash and cash equivalents | 1.8% | 5,320,093 |

ii) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

iii) Sensitivity Analysis

The group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2018, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

| | Consolidated Group | |
|---------------------------------|---------------------------|-------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Change in profit: | | |
| Increase in interest rate by 2% | 62,885 | 106,402 |
| Decrease in interest rate by 2% | (62,885) | (106,402) |
| Change in Equity | | |
| Increase in interest rate by 2% | 62,885 | 106,402 |
| Decrease in interest rate by 2% | (62,885) | (106,402) |

Recognition and Initial Measurement:

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Key estimates and judgements:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

INVESTIGATOR RESOURCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2018

18. Financial Instruments (continued)

Recognition and Initial Measurement (continued):

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as being at fair value through the Statement of Profit or Loss and Other Comprehensive Income. Transaction costs related to instruments classified as at fair value through profit or loss are expensed through the Statement of Profit or Loss and Other Comprehensive Income immediately. Financial instruments are classified and measured as set out below.

Derecognition:

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as being at fair value through the Statement of Profit or Loss and Other Comprehensive Income. Transaction costs related to instruments classified as at fair value through profit or loss are expensed through the Statement of Profit or Loss and Other Comprehensive Income immediately. Financial instruments are classified and measured as set out below.

Financial assets at fair value through Profit or Loss:

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Loans and receivables.

Held-to-maturity investments:

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate.

Available-for-sale financial assets:

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities:

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value:

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment:

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

INVESTIGATOR RESOURCES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

19. Controlled Entities

Interests in controlled entities are as follows:

| Name | Principal Activity | Country of Incorporation | Share | Ownership Interest | | Carrying Amount of Investment | |
|--------------------------|---------------------|--------------------------|----------|--------------------|------|-------------------------------|------|
| | | | | 2018 | 2017 | 2018 | 2017 |
| Sunthe Uranium Pty Ltd | Mineral exploration | Australia | Ordinary | 100% | 100% | 1 | 1 |
| Gilles Resources Pty Ltd | Mineral exploration | Australia | Ordinary | 100% | 100% | 1 | 1 |
| Silver Eye Pty Ltd | Mineral exploration | Australia | Ordinary | 100% | 100% | 1 | 1 |
| Kimba Minerals Pty Ltd | Mineral exploration | Australia | Ordinary | 100% | 100% | 1 | 1 |
| Goyder Resources Pty Ltd | Mineral exploration | Australia | Ordinary | 100% | 100% | 1 | 1 |
| Gawler Resources Pty Ltd | Mineral exploration | Australia | Ordinary | 100% | 100% | 1 | 1 |

20. Segment Information

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity operates in a single operating segment: that of the mineral exploration industry in Australia.

21. Parent Entity Information

| | 2018 | 2017 |
|---|-------------------|--------------------|
| | \$ | \$ |
| Statement of Financial Position | | |
| Current assets | 3,591,269 | 3,147,856 |
| Total assets | 34,213,513 | 31,809,644 |
| Current liabilities | 582,297 | 809,881 |
| Total liabilities | 651,401 | 835,327 |
| Net assets | 33,562,112 | 30,974,317 |
| Equity | | |
| Issued capital | 53,070,322 | 50,082,204 |
| Share option reserve | 243,519 | 962,451 |
| Accumulated losses | (19,751,729) | (20,070,338) |
| Total equity | 33,562,112 | 30,974,317 |
| Statement of Profit or Loss and Other Comprehensive Income | | |
| Income | 73,794 | 98,789 |
| (Loss) for the year | (581,461) | (3,625,258) |

Commitments for the parent entity are the same as those for the consolidated entity and are set out at Note 25.

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

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2018

22. Interests in Joint Operations and Farm - in Arrangements

The consolidated entity had interests in unincorporated joint operations at 30 June 2018 as follows:

| | Percentage Interest 2018 | Percentage Interest 2017 |
|--|--------------------------------|--------------------------------|
| Thurlga – Pursuant to the farm in agreement with Peninsula Resources Pty Ltd, a wholly owned subsidiary of Andromeda Metals Limited, the Company earned a 75% interest in EL 5419 by meeting the expenditure commitment of \$750,000 during the year ended 30 June 2017. Gawler Resources Limited, a wholly owned subsidiary of Investigator Resources, is the manager of the Joint Venture. | 75% | 75% |

Recognition and Measurement:

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements.

23. Related Party Disclosures

During the year there were no transactions between related parties, other than those noted in the audited Remuneration Report. Where transactions with related parties occur, they are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a) Transactions with Key Management Personnel

Key management personnel remuneration includes the following expenses:

| | 2018 | 2017 |
|---|----------------|------------------|
| <i>Short term employee benefits:</i> | | |
| Salaries including bonuses | 817,417 | 911,501 |
| Total short-term employee benefits | 817,417 | 911,501 |
| <i>Long-term benefits:</i> | | |
| Long service leave | 8,562 | 9,362 |
| Total other long-term benefits | 8,562 | 9,362 |
| <i>Post-employment benefits:</i> | | |
| Defined contribution pension plans | 77,423 | 72,741 |
| Total post-employment benefits | 77,423 | 72,741 |
| Share-based payments | 10,913 | 62,381 |
| Total remuneration | 914,315 | 1,055,985 |

b) Other transactions with Key Management Personnel

Mr A. McIlwain is a director of Andrew McIlwain & Associates Pty Ltd (AM&A). From 1st July 2018, AM&A and Mr McIlwain have been engaged to provide corporate advisory services to the company. The services to be provided are based on normal commercial terms and conditions. The company has not incurred any costs related to this engagement during the financial year.

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| | Consolidated 2018 | Consolidated 2017 |
|--|----------------------|----------------------|
| | \$ | \$ |

24. Auditors Remuneration

(i) Audit and other assurance services

Amounts paid/payable for audit and review of financial statements for the consolidated entity or any entity in the group.

48,483 46,179

Total remuneration for audit and other assurance services

48,483 46,179

(ii) Audit and other assurance services

Amounts paid/payable to a related practice of the auditor for tax compliance and advisory services for the consolidated entity or any entity in the group.

6,900 6,501

Total remuneration for audit and other assurance services

6,900 6,501

25. Expenditure Commitments and Contingent Liabilities

a) Exploration Expenditure Commitments

The consolidated entity has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the consolidated entity. To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements. The Company also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

| | 2018 | 2017 |
|--|-----------|-----------|
| Not later than one year | 1,635,842 | 1,941,052 |
| Later than one year but not later than two years: | 840,905 | 671,318 |
| Later than two years but not later than five years | - | - |

b) Office and Storage Shed Rentals

The consolidated entity has entered into rental agreements to occupy premises in Adelaide. Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

| | 2018 | 2017 |
|--|---------|--------|
| Not later than one year | 105,169 | 90,533 |
| Later than one year but not later than two years: | 1,980 | 20,136 |
| Later than two years but not later than five years | 5,940 | - |

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26. Subsequent Events

On the 16 August 2018 the Company announced that Mr John Anderson stepped down from his long-term role of Managing Director of Investigator. An executive search commenced to secure a new Managing Director. In the interim, Mr Andrew McIlwain, who was appointed as a Non-Executive Director of Investigator in June 2018, was appointed as acting Chief Executive Officer effective from 16 August 2018.

The Company completed a review of the corporate strategy and management structure of the Company, principally due to the challenges of raising capital to financing high risk exploration from traditional sources in the current market.

The Company announced the following initiatives to place the Company more favourably in a challenging market environment:

- Paris Silver Project

The Paris Silver Prospect is the key asset of the Company providing significant upside to the silver market. A JORC compliant resource of 42 million ounces of silver positions Paris as one of the best undeveloped silver projects in Australia.

Work will continue to investigate opportunities to improve metallurgical recoveries, with focus upon a better understanding of the geological and chemical domains of the mineralisation.

- Maslins IOCG Target

Maslins is a high profile IOCG target located on the Stuart Shelf. MT surveys by Geoscience Australia and proprietary data compiled by Investigator has defined a drillable target realistically analogous to Olympic Dam. This potential has attracted interest from several parties and discussions are in progress which should see Maslins drilled in the final quarter of 2018.

- Regional Exploration

A review of the Company's exploration assets is currently underway and a rationalisation of the property portfolio will ensue over the next two quarters.

- Project Generation

The Company aims to acquire a high-profile advanced exploration project by the end of 2018. No restriction as to commodity focus or jurisdiction is currently defined. Considering the supportive shareholder base, sufficient available cash and the augmented corporate capacity to advance other opportunities in the Board and management, a number of projects have been offered independently to Investigator over the past three months. These opportunities will continue to be reviewed.

Other than as set out in this report and the attached financial statements, no other matters or circumstances have arisen since 30 June 2018, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

INVESTIGATOR RESOURCES LIMITED
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for the year ended 30 June 2018

27. New Accounting standards and interpretations

Adoption of New and Revised Accounting Standards

The Consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these standards did not have any impact on the current reporting period or any prior period and is not likely to affect future periods.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

| Standard/ Interpretation | Nature of change | Effective date (annual reporting periods beginning on or after) | Expected to be initially applied in the financial year ending | Likely impact |
|--|---|--|--|---|
| AASB 15 Revenue from Contracts with Customers | <p>AASB 15:</p> <ul style="list-style-type: none"> • replaces AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and some revenue-related Interpretations: <ul style="list-style-type: none"> ◦ establishes a new revenue recognition model ◦ changes the basis for deciding whether revenue to be recognised over time or at a point in time ◦ provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) ◦ expands and improves disclosures about revenue | 1 January 2018 | 30 June 2019 | The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019. |
| AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions | <p>This Standard amends AASB 2 <i>Share-based Payment</i> to address:</p> <ol style="list-style-type: none"> The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; The classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. | 1 January 2018 | 30 June 2019 | When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements. |
| AASB 16 Leases | <p>AASB 16:</p> <ul style="list-style-type: none"> • replaces AASB 117 <i>Leases</i> and some lease-related Interpretations • requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases • provides new guidance on the application of the definition of lease and on sale and lease back accounting • largely retains the existing lessor accounting requirements in AASB 117 • requires new and different disclosures about leases. | 1 January 2019 | 30 June 2020 | The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020. |

INVESTIGATOR RESOURCES LIMITED
 ABN 90 115 338 979
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

27. New Accounting standards and interpretations (continued)

| Standard/ Interpretation | Nature of change | Effective date (annual reporting periods beginning on or after) | Expected to be initially applied in the financial year ending | Likely impact |
|---------------------------------|---|--|--|--|
| AASB 9 Financial Instruments | <p>AASB 9 supersedes AASB 139 Financial Instruments Recognition and Measurement.</p> <p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <ul style="list-style-type: none"> • Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. • Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. • Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. • Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. • Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ol style="list-style-type: none"> i. the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI) ii. the remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:</p> <ol style="list-style-type: none"> i. classification and measurement of financial liabilities; and ii. derecognition requirements for financial assets and liabilities. <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.</p> | 1 January 2018 | 30 June 2019 | The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019. |

INVESTIGATOR RESOURCES LIMITED

ABN 90 115 338 979

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the company and consolidated group;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards

Signed in accordance with a resolution of the Directors.



D M Ransom
Chairman

Adelaide
27 August 2018



A McIlwain
Acting Chief Executive Officer

Adelaide
27 August 2018



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Independent Auditor's Report To the Members of Investigator Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Investigator Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated statement 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 2018 and of its performance for the year ended on that date; 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 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.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of \$581,461 during the year ended 30 June 2018, and cash outflows from operating and investing activities of \$3,102,277. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| Valuation of Exploration and Evaluation Assets Note 11 <p>At 30 June 2018 the carrying value of Exploration and Evaluation Assets was \$30,590,976.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the valuation of exploration and evaluation assets being a significant risk.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6; • Agreeing exploration written off during the year for completeness with reference to abandoned areas; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> – Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of managements' budgeted expenditure; – Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; and • Reviewing the appropriateness of the related disclosures within the financial statements. |

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, 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 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 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Investigator Resources Limited, for the year ended 30 June 2018, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 27 August 2018