

Tesoro Resources Limited

ABN 79 618 093 306

Special Purpose Financial Report
for the year ended 30 June 2019

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CORPORATE DIRECTORY

Tesoro Resources Limited is an Australian public company focused on the acquisition, exploration and development of commercially significant resource projects in Chile, with a focus on gold. For more details visit www.tesororesources.com.au.

The Company was incorporated in Western Australia on 21 March 2017. Current relevant information is as follows:

DIRECTORS
Mr Geoffrey McNamara
(Non-Executive Chairman)

Mr Zeffron Reeves
(Managing Director)

Dr Leonidas Howden
(Non-Executive Director)

Ms Shannon Coates
(Non-Executive Director)

COMPANY SECRETARY
Ms Shannon Coates

REGISTERED OFFICE
Suite 5
62 Ord Street
WEST PERTH WA 6005

AUDITORS
RSM Australia Partners
Level 32 Exchange Tower
2 The Esplanade
PERTH WA 6000

Tesoro Resources Limited
Chairman's Letter

I am pleased to present the Annual Report of Tesoro Resources Limited ("Tesoro Resources", "Tesoro" or the "Company" and together with its subsidiaries the "Group") for the year ended 30 June 2019.

On 5 August 2019, the Company has entered into a conditional binding term sheet (Acquisition Agreement), pursuant to which the Company has agreed, subject to the satisfaction of certain conditions precedent, for Plukka Limited (ASX:PKA) ("Plukka") to acquire 100% of the issued capital of Tesoro.

The Board believes this to be a transformative transaction for Tesoro and on completion it will provide the Company access to capital to rapidly advance both El Zorro and Espina Projects, as well as providing liquidity in the Company's shares and achieving an independent, market-based valuation for the Company.

We continued exploration on the El Zorro and Espina Gold Projects during the year. The exercise of our option to move to 51% ownership of the El Zorro Gold project, reflects the results of work to date, highlighting the district scale endowment and the expansion of that opportunity.

These two gold projects (El Zorro and Espina) are the foundation on which we are planning to build Tesoro into a successful exploration and development company. We do not, however, underestimate the challenges that always accompany exploration and development companies.

I visited El Zorro during the year and, despite my prior knowledge, the breadth of exploration targets within our tenement was beyond my expectations.

The Tesoro team has done an outstanding job in identifying the El Zorro and Espina Gold projects and progress is evident in all aspects of management and operations from logistics, work force recruitment, training, community, landowner engagement and execution of drilling and sampling programs.

Zeff Reeves has led the Tesoro team through an intense year and I offer him and his team thanks for their efforts and congratulations for the achievements.

Shareholder support during this year of transition has been greatly appreciated. We look forward to a year in which we build value into our assets for the long-term benefit of all.



Geoff McNamara
Chairman

Tesoro Resources Limited

The Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the "consolidated entity" or "the group") consisting of Tesoro Resources Limited (referred to hereafter as the "Company", "Tesoro" or "parent entity") and the entities it controlled at the end of, or during, the financial year ended 30 June 2019.

Directors
The following persons were Directors of Tesoro Resources Limited during the whole of the financial year and up to the date of this report:

Geoffrey McNamara – Non-Executive Chairman
Zeffron Reeves – Managing Director
Leonidas Howden – Non-Executive Director
Shannon Coates – Non-Executive Director

Principal activities
The principal activities of the Company and its subsidiaries are the acquisition, exploration and development of commercially significant resource projects in Chile. The Company currently holds interests in Chile, namely the El Zorro Project, prospective for gold and the Espina Project, prospective for gold and copper.

Dividends
No dividends were paid or declared since the start of the financial year. No recommendations for payment of dividends has been made.

Review of operations
The 2019 financial year has been a successful one for Tesoro with further highly encouraging exploration results and post the end of year the announcement of a transformative transaction with ASX listed Plukka Limited.

Tesoro was established with a strategy of acquiring, exploring and developing resource projects in the Coastal Cordillera region of Chile. The Coastal Cordillera region is host to multiple world class copper (Candelaria) and gold (Maricunga) mines, has well established infrastructure, service providers and an experienced mining workforce. Large areas of the Coastal Cordillera remain unexplored due to the unconsolidated nature of mining concession ownership.

Tesoro, via its in-country network, has been able to secure rights to two district scale gold projects (the El Zorro Gold Project (**El Zorro**) and the Espina Gold Project (**Espina**), in-line with the Company's strategy. During the financial year, the Company had further exploration success at its flagship project, El Zorro, as well as several compelling epithermal gold targets emerging at Espina.

Significant advances were made at the Company's flagship project, El Zorro, with the completion of a further six holes of drilling (FY18 10 holes drilled), with exceptional gold results returned. At Espina, the Company has also continued systematic exploration of its district scale gold project, delineating a number of large scale, high priority epithermal gold targets.

The Company has also made significant progress towards a public listing and, post year end, signed a conditional agreement to be acquired by ASX listed Plukka Limited (ASX:PKA) (refer PKA ASX announcement on 5 August 2019). If completed, this transaction is expected to provide the Company better access to capital, stimulate liquidity in the Company's shares and achieve an independent, market-based valuation for the Company, which will together allow the Company to rapidly advance both El Zorro and Espina Projects.

During the year ended 30 June 2019, the Company completed its second exploration drilling program at El Zorro, drilling an additional 6 diamond drill holes for 1,640.55m. The program returned exceptional results of further thick, high grade gold intercepts including;

- **ZDDH0011** - 98.30 metres @ 1.58g/t Au from 176.00m

- **ZDDH0012** - 58.80 metres @ 1.70g/t Au from 0.00m
- **ZDDH0014** – 55.00m @ 1.10g/t Au from 15.30m

(for full drill results please refer to ASX:PKA announcement 5 August 2019)

In addition, a district wide surface mapping and sampling program was completed which has identified major, previously unidentified, extensions to the El Zorro gold system, significantly expanding the potential scale of the project and more than doubling the footprint of the host lithology. El Zorro has the advantage of having significant outcrop exposure, which allows an in-depth understanding of the geology and controls on mineralisation to be gained from low cost mapping programs.

Additional gold targets have been identified from outcropping gold mineralisation at Coquetas North, Drone Hill and Buzzard, with significant outcrop channel results including;

- **Buzzard** - 26.00m @ 1.62g/t Au including 8.00m @ 3.08g/t Au
- **Coquetas North** - 16.60m @ 1.33g/t Au

(for full results please refer to ASX:PKA announcement 5th August 2019)

During the year, the Company also increased its land holdings at El Zorro, with an additional 5,801 Ha having been granted giving a total project area of 10,744 Ha's covering the El Zorro District.

At the Espina Project, during the 2019 financial year, the Company conducted detailed surface mapping and district scale soil sampling programs. The work completed focused on assessing the Infernillio and Puertalera epithermal vein trends. Results are very promising, with two large gold plus base metal coincident soil anomalies having been delineated along each of the prospective trends. Further extensional soil sampling is planned, along with trenching across the best parts of each anomaly to delineate future drill targets. The results are encouraging, demonstrating large scale anomalies, which have clear epithermal gold metal associations and characteristics.

The El Zorro and Espina Projects provide a highly prospective portfolio of concessions in a world class mining jurisdiction, which Tesoro believes will create significant value for the Company and its shareholders. Both assets meet the Company's project selection criteria and define Tesoro as an emerging gold developer focused on the Coastal Cordillera of Chile.

El Zorro Project Exploration Activities

El Zorro is located in Region III of Chile approximately 55km north of the port town of Caldera, 10km inland of the Pan American Highway.

Gold mineralisation at El Zorro was identified during the 1980's by local artisanal miners and subsequently explored by Coeur d'Alene Mining (Coeur) in the early 1990's when extensive granite hosted gold mineralisation was delineated. Work conducted by Tesoro has identified the El Zorro gold system as an Intrusive Related Gold (IRG) system with gold and gold bearing fluids associated with a suite of variably fractioned granitic intrusions.

Coeur completed over 7,000m of drilling, defining a mineralised zone over 400m long and 150m wide at the Coquetas target. As part of the option agreement to acquire the project, Tesoro's team has been able to access some limited historical information from the Coeur programs which has assisted Tesoro's exploration work and planning of Tesoro's drilling campaigns at Coquetas.

During the year, the Company undertook exploration work at the El Zorro Project with a focus on drilling at Coquetas to expand the mineralised footprint of the known Coquetas gold zone and to identify new prospects that would provide future drill targets.

Work completed during the year included:

- 6 diamond drill holes for 1,640.55m;

- Structural and geochemical analysis of drill core obtained from drilling to further refine the mineralising model;
- Detailed mapping at Coquetas and district scale mapping of the wider El Zorro Project;
- Detailed mapping and channel sampling at three new gold targets, Coquetas North, Buzzard and Drone Hill;
- 3D modelling of host lithology and mineralised structures; and
- Further detailed review of collected project data by Dr. Nick Oliver to refine the exploration model and strategy.

Drilling at Coquetas returned exceptional results with all 16 holes intercepting significant intervals of gold mineralisation with several 100g/m intercepts being returned. Drilling also assisted classification of the mineralising system and rapidly increased Tesoro's geological knowledge at Coquetas which has resulted in the identification of a large, previously unidentified gold system. The host lithology (El Zorro Tonalite- EZT) has now been identified in a much larger area than previously known and channel sampling and mapping have delineated numerous new outcropping mineralised zones of the EZT.

Three new targets are emerging that may provide future drill targets at Coquetas North, Drone Hill and Buzzard with wide, high grade gold mineralisation having been identified in outcrop.

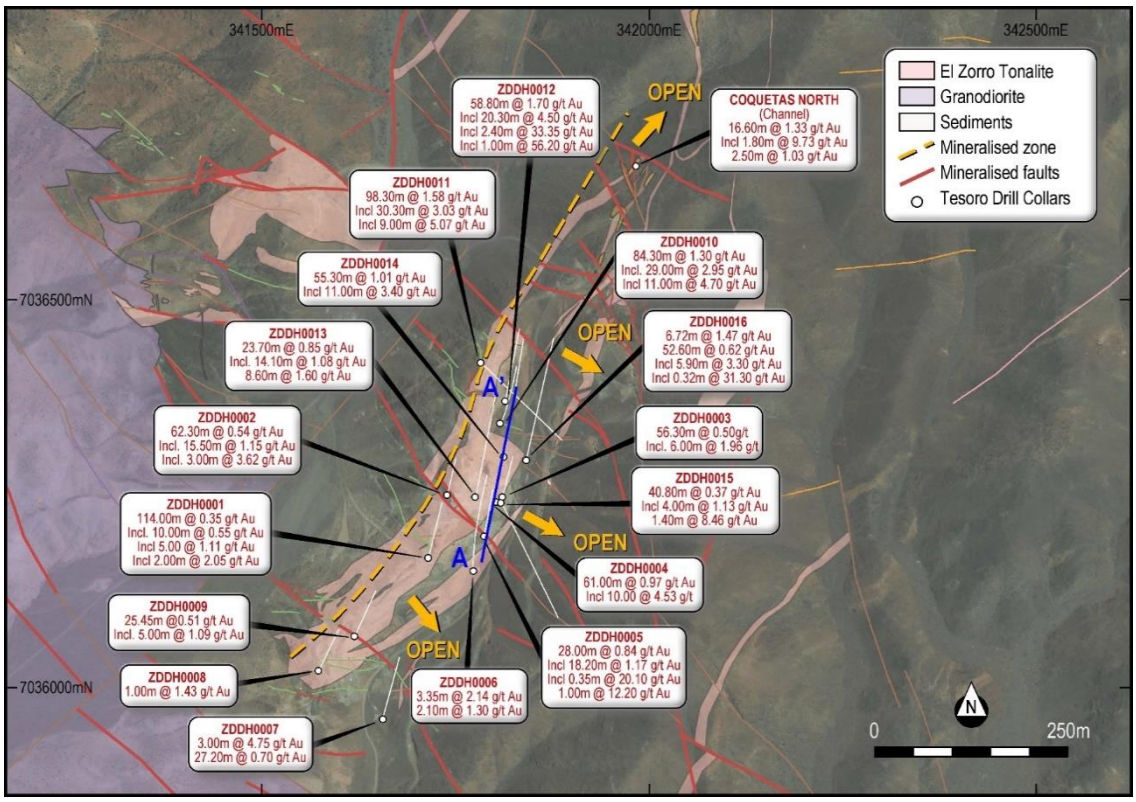


Figure 1 – Coquetas significant intercepts defining gold mineralisation over 650m of strike and open in all directions.

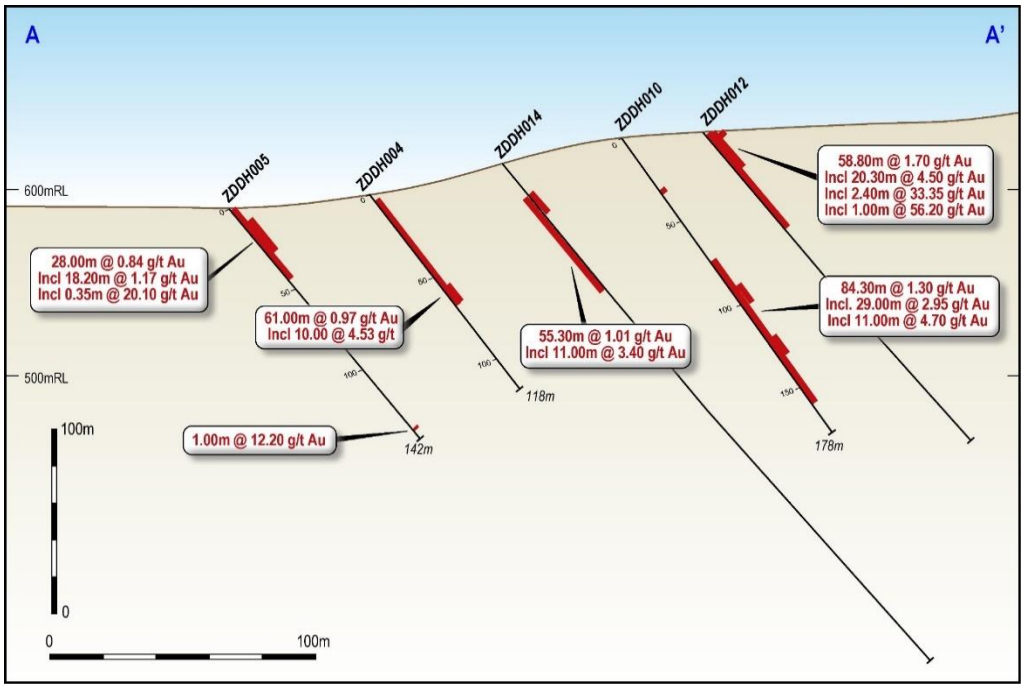


Figure 2 – Coquetas section looking north showing thick high-grade gold intercepts

Hole_ID	From (m)	To (m)	Interval	Au (g/t)	*Comments*
ZDDH0001	33.64	39.00	5.36	0.97	
ZDDH0001	107.00	112.00	5.00	1.11	
ZDDH0001	117.00	119.00	2.00	2.05	
ZDDH0002	8.80	24.30	15.50	1.15	*including*
ZDDH0002	8.80	14.00	5.20	1.96	*including*
ZDDH0002	51.70	68.00	16.30	0.78	*including*
ZDDH0002	58.00	60.33	2.33	3.62	*including*
ZDDH0003	21.00	77.30	56.30	0.50	
ZDDH0003	21.00	27.00	6.00	1.96	*including*
ZDDH0003	21.00	22.83	1.83	5.24	*including*
ZDDH0003	37.20	43.00	5.80	1.27	*including*
ZDDH0004	5.00	66.00	61.00	0.97	
ZDDH0004	56.00	66.00	10.00	4.53	*including*
ZDDH0004	57.00	61.00	4.00	9.60	*including*
ZDDH0005	4.00	42.65	38.65	0.65	
ZDDH0005	9.80	28.00	18.20	1.17	*including*
ZDDH0005	9.80	10.15	0.35	20.10	*including*
ZDDH0005	72.00	73.00	1.00	4.32	*including*
ZDDH0005	135.80	136.80	1.00	12.20	
ZDDH0006	22.60	25.95	3.35	2.14	
ZDDH0006	24.00	25.00	1.00	6.10	*including*
ZDDH0007	1.00	4.00	3.00	4.75	
ZDDH0007	39.00	66.20	27.20	0.70	
ZDDH0007	39.00	58.00	19.00	0.80	*including*
ZDDH0009	12.55	38.00	25.45	0.51	
ZDDH0009	21.00	26.00	5.00	1.09	*including*

Hole_ID	From (m)	To (m)	Interval	Au (g/t)	*Comments*
ZDDH0010	75.00	159.30	84.30	1.30	
ZDDH0010	75.00	104.00	29.00	2.95	*including*
ZDDH0010	82.50	86.45	3.95	4.97	*including*
ZDDH0010	91.00	102.00	11.00	4.70	*including*
ZDDH0010	93.00	97.00	4.00	8.50	*including*
ZDDH0011	176.00	274.30	98.30	1.58	
ZDDH0011	181.70	212.00	30.30	3.03	*including*
ZDDH0011	196.40	212.00	15.60	3.87	*including*
ZDDH0011	203.00	203.70	0.70	21.70	*including*
ZDDH0011	203.00	212.00	9.00	5.07	*including*
ZDDH0012	0.00	58.80	58.80	1.70	
ZDDH0012	1.70	22.00	20.30	4.50	*including*
ZDDH0012	1.70	8.40	6.70	12.21	*including*
ZDDH0012	3.00	4.00	1.00	56.20	*including*
ZDDH0012	2.30	4.70	2.40	33.35	*including*
ZDDH0013	46.30	70.00	23.70	0.85	
ZDDH0013	51.25	65.35	14.10	1.08	*including*
ZDDH0014	15.30	70.60	55.30	1.01	
ZDDH0014	15.30	34.00	18.70	2.19	*including*
ZDDH0014	15.30	26.30	11.00	3.40	*including*
ZDDH0015	112.00	116.00	4.00	1.13	
ZDDH0015	240.60	242.00	1.40	8.46	
ZDDH0016	152.00	204.60	52.60	0.62	
ZDDH0016	188.10	194.00	5.90	3.30	*including*
ZDDH0016	188.58	188.90	0.32	31.30	*including*

Table 1 – All Coquetas significant diamond drilling intercepts table – for full results please see ASX:PKA announcement 5th August 2019

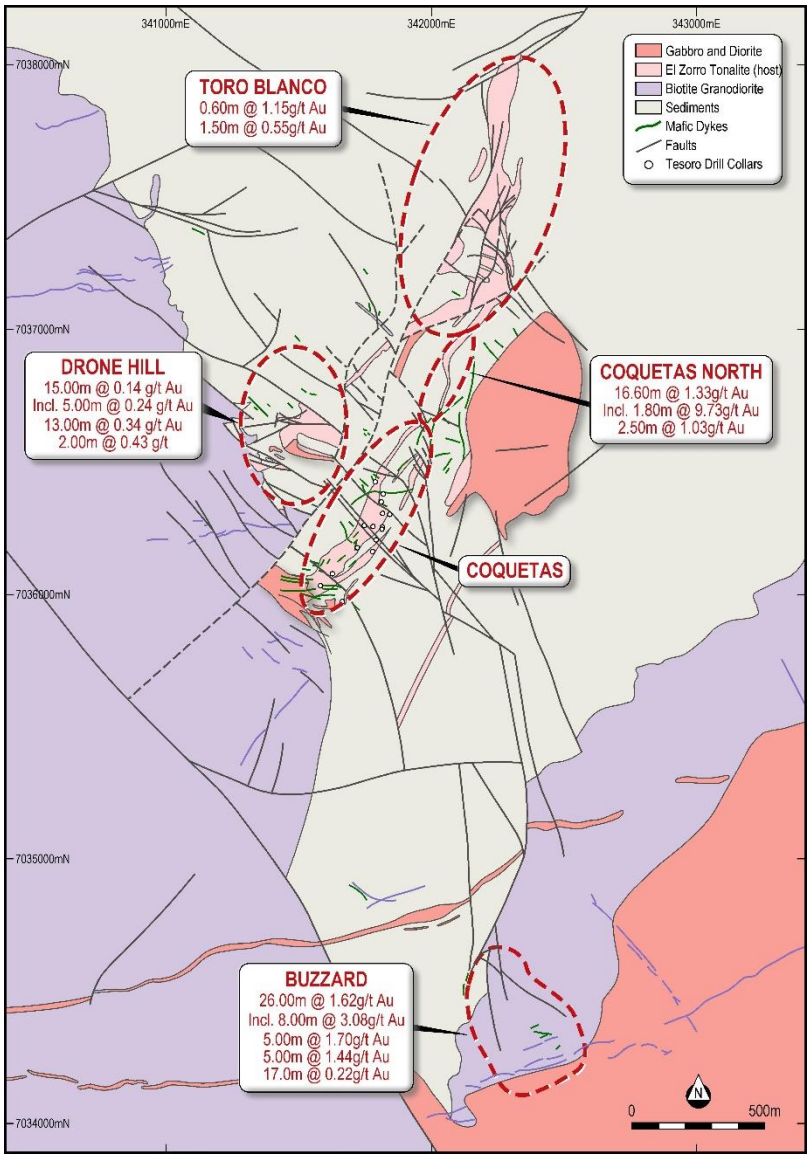


Figure 3 -El Zorro Project district map showing surface sampling highlights at new prospects – for full results please see ASX:PKA announcement 5th August 2019

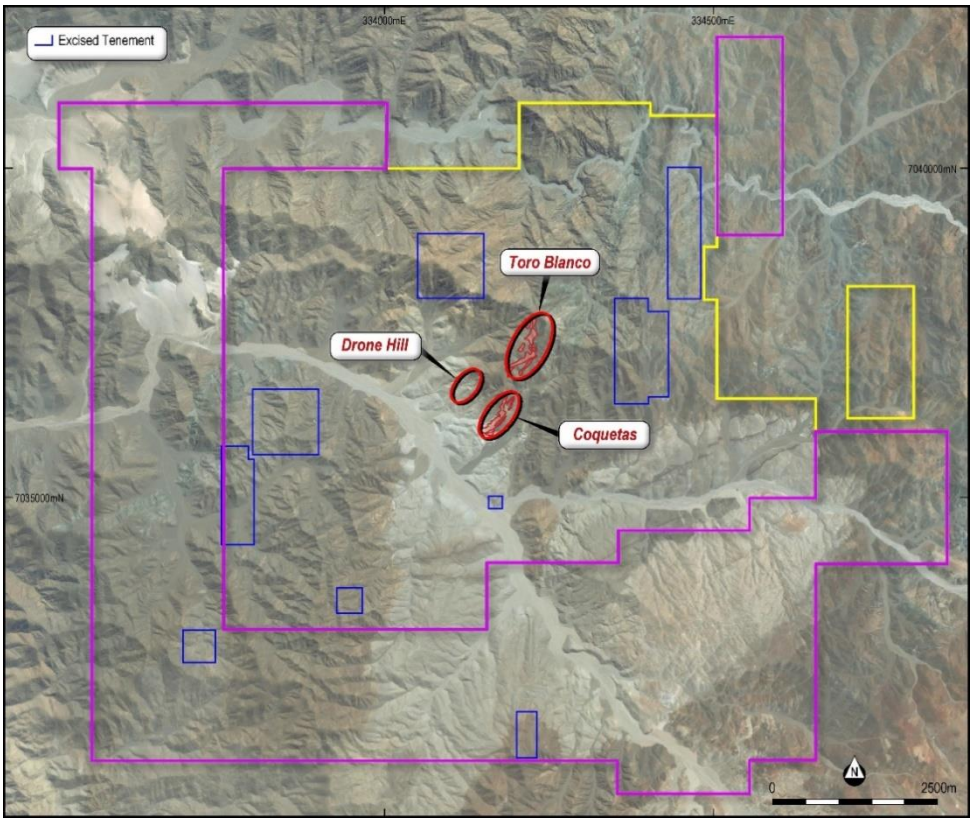


Figure 4 -El Zorro Project Concession outline showing expansion of ground position during 2019. Purple outline shows new concession areas pegged during 2019.

Espina Project Exploration Activities

Espina is located approximately 50km south of Santiago, the capital of Chile, within the Maipo Valley and is easily accessible by sealed roads.

Gold mineralisation at Espina has been identified in epithermal style veins and alteration systems associated with strike extensive structural zones and has been historically mined on a small scale since the late 1700's. The project geology is analogous to Yamana Gold's Minera Florida operations which are approximately 25 kilometres south of Espina.

Espina has had little exploration conducted, with previous work consisting of surface and prospect mapping, surface sampling (soils and rock chips) and a helicopter borne magnetic survey. Tesoro gained access to the historic exploration data as part of the Espina option agreement, which has enabled definition of targets and development of Tesoro's exploration plan for the project.

During the year, the Company continued low impact exploration work to further delineate and understand prospective drill targets at the Espina Project.

The work completed during the year included:

- Detailed surface geological, alteration and structural mapping over the Infernillio, Puertelera and Dona Clara trends;
- Collection of 425 soil samples on a 50m x 50m grid; and
- Rock chip sampling on exposed veins.

Previous mapping and soil sampling results delineated two major prospective trends, Infernillio and Puertelera, both over 2.5 kilometres long. Both trends are defined by the presence of outcropping,

mineralised gold quartz veins, displaying epithermal vein textures and strong epithermal style alteration patterns. Two large soil anomalies were defined by coincident anomalism of Au, Ag, As, Pb, Sb and Zn, elements which are often associated with epithermal gold mineralisation. The soil grid was extended north a further 1,000m. As at the writing of this report, assays for these soil samples remain outstanding, analysis will commence upon completion of the RTO.

The work completed to date has highlighted the highly prospective nature and large scale of the Espina Project epithermal system and the Company is planning further work to generate drill targets in the coming year.

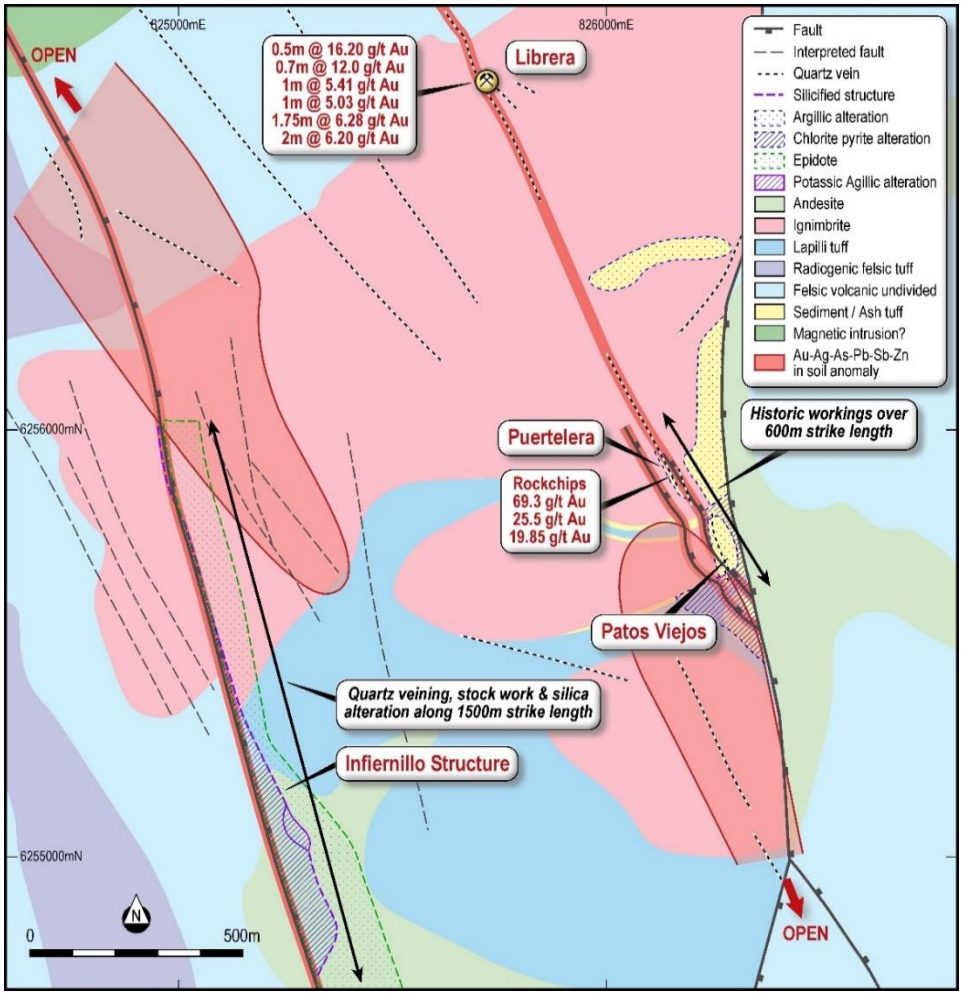


Figure 5 - Geology and sampling of the Infernillio and Puertalera vein systems. Strike extensive gold and base metal soil anomies shown in red.

In conjunction with the technical work carried out at Espina, ongoing community engagement was continued throughout the period, engaging the local landowners and other community stakeholders who may be impacted by activities at the Espina Project. The activities of the Company at Espina have been well received by the community.

Corporate Activities
During the reporting year, the Company raised a total of approximately $816,540 at an issue share price of $0.15 per share, issuing 5,443,598 shares.

In addition, the Company issued 918,513 shares on conversion of a convertible loan (at $0.15 per share) and 266,667 shares to a Director pursuant to the letter of engagement.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Zeffron Reeves (B App Sc (Hons) Applied Geology) MBA, MAIG). Mr Reeves is a member of the Australian Institute of Geoscientists and a Consultant to the Company. Mr Reeves has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Reeves consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Information on Directors

Geoffrey McNamara Non-Executive Chairman
BSc (Applied Geology), AusIMM, FINSIA, AICD
Mr McNamara is a geologist with over 25 years' experience in the resource sector, covering operational roles including Project Manager, Senior Mine Geologist and Mine Geologist for Ivanhoe Mines, LionOre International and Western Mining Corporation. A Partner at investment manager and advisor Medea Capital Partners, he was previously an owner and Investment Director of private equity firm Pacific Road Capital. Prior to this he was a Director of Société Generale's Mining Finance group in New York. He currently holds a number of Non-Executive Director roles including Non-Executive Chairman of UK listed Cora Gold Limited. Mr McNamara holds a Bachelor degree in Geology and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia. He is a member of the Australian Institute of Company Directors (AICD) and the Australasian Institute of Mining and Metallurgy (AusIMM).

Zeffron Reeves Managing Director
BSc (Hons) (Applied Geology), MBA, MAIG
Mr Reeves is a geologist with over 20 years' experience in the resources sector working on projects from greenfields exploration, discovery, definition and feasibility, construction, production to closure. Zeffron was most recently Managing Director of ASX listed Metallum Ltd, which had a number of development and operational projects in Chile. He has also held senior management positions with Cleveland Mining Ltd and Ashburton Minerals Ltd, developing projects in Brazil. Zeffron has a Bachelor of Applied Geology (Honours), a Masters of Business Administration from Curtin University and is a member of the Australia Institute of Geoscientists.

Leonidas Howden Non-Executive Director
B.Eng, Ph.D
Dr Howden is a finance professional with over 10 years' experience in the natural resources industry. A Partner at Medea Capital Partners, he has worked on a broad range of projects covering precious and base metals and has extensive expertise in debt structuring, mergers and acquisitions, asset valuation and principal investing. Prior to joining Medea Capital Partners, he was an Associate Director for WestLB AG in London, working as an originator in the structured commodity finance team. Leonidas holds a Doctorate in Mechanical Engineering from the University of Nottingham, UK.

Shannon Coates Non-Executive Director
LLB, BJuris, AGIA, ACIS, GAICD
Ms Coates is a qualified lawyer with over 20 years' experience in corporate law and compliance. She is currently non-executive director of ASX listed companies Vmoto Limited and Kopore Metals Limited and company secretary to a number of public unlisted and ASX listed companies, She has significant experience in a wide range of corporate and commercial matters, including strategy, remuneration, mergers and acquisitions, debt and equity capital markets, risk management and compliance, regulation and corporate governance, both in Australia and internationally. Shannon holds a Bachelor of Laws from Murdoch University, is a Chartered Secretary and a graduate of the AICD's Company Directors course. She is a past recipient of the West Australian Women in Mining scholarship and was selected for the AICD Chairman's Mentoring Program.

Company Secretary
Shannon Coates
Refer Director information above.

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019 were:

	Board meetings		Audit Committee[1]		Remuneration Committee[1]	
	Attended	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**
Geoffrey McNamara	9	9	-	-	-	-
Zeffron Reeves	9	9	-	-	-	-
Leonidas Howden	9	9	-	-	-	-
Shannon Coates	9	9	-	-	-	-

1. The full Board currently undertakes all audit and remuneration functions.

Shares
As at the date of this report, there are 73,105,603 fully paid ordinary shares on issue.

Options
At the date of this report, there are nil unissued ordinary shares of Tesoro Resources Limited under option.

During the year ended 30 June 2019, nil shares were issued upon the exercise of options.

Significant changes in the state of affairs
There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
As announced by Plukka Limited (ASX:PKA)("Plukka") on 5 August 2019, Linkwood Holdings Pte Ltd, Tanamera Resources Pte Lte and Zeffron Charles Reeves, (the "Vendors") of the Company entered into a conditional binding term sheet with Plukka pursuant to which Plukka has agreed to acquire 100% of the Vendors' fully paid shares of the Company subject to the following conditions precedent:

- Completion of due diligence by Plukka on the Company's business assets and operations;
- Re-compliance with Chapters 1 and 2 of the ASX Listing Rules;
- All of the Company's shares accepting offers for their respective shares in the Company;
- Receiving conditional approval by the ASX for the reinstatement of Plukka's shares to trade on the ASX;
- In connection with the above re-instatement, Plukka obtain valid applications for no less than A$4,500,000 pursuant to a prospectus;
- Plukka and the Company receiving all necessary shareholder and regulatory approvals as required;
- The Company entering into an interest-free, unsecured convertible loan up to $300,000 with unrelated parties of the Company or Plukka as per the following terms
    - at Completion of this transaction, the obligation to repay the loan will be assigned to PKA and automatically converted into Shares at a conversion price per Shares equal to a 20% discount to the price per share investors subscribe for under the Prospectus;

  - if Completion has not occurred on or before 1 February 2020, the loan must be repaid in cash unless mutually agreed in writing by loan holders to extend the Repayment Date a minimum of 10 business days prior to the Repayment Date;
  - the loan is interest free; and
  - PAC partners will act as Lead Manager of the convertible loan raising, and will receive a capital raising fee of 5% of the gross proceeds raised, to be issued as new shares in PKA, to be issued to PAC partners (or its nominees). The fee will only be issued if the converting loans are converted into Shares on Completion and re-listing on the ASX.
  - Funds in respect of the convertible loan were received by the Company on 16 August 2019.
- The Company preparing audited accounts;
- No material adverse change having occurred in relation to the Company or its assets between the date of the term sheet and completion of the Acquisition;
- The Company and Plukka obtaining all necessary third-party consents for completion of the Acquisition.

The consideration to be paid by Plukka to the Company and all shareholders in the Company is such number of ordinary fully paid shares of Plukka (on a post-consolidation basis) at a minimum price of $0.03 per share.

Upon completion of the Acquisition, the existing unpaid loans to Tanamera Resources Pte Ltd and Linkwood Holdings Pte Ltd ("Lenders"), both entities related to Geoff McNamara, subject to shareholders' approval, will be:
- Assigned to Plukka;
- Repaid to the Lenders through the issue of Plukka shares and cash.

Plukka agrees to issue Performance Rights to the Vendors as incentive in connection with nominees of the Vendors being appointed to the Board of Plukka. The terms of the Performance Rights are as detailed below:

(a) 46,720,000 Class A Performance Rights to be issued to the Vendors, convertible into 46,720,000 Ordinary Fully Paid Shares of PKA (on a post-Consolidation basis) upon PKA establishing an Inferred Resource of equal or greater than 250,000 ounces equivalent at a gold grade of 1 gram per tonne or greater, as defined by the JORC Code, within eighteen (18) months of completion of the Acquisition. The Inferred Resource of equal or greater than 250,000 ounces equivalent must be established at the El Zorro Project or the Espina Project;
(b) 50,060,000 Class B Performance Rights to be issued to the Vendors, convertible into 50,060,000 Ordinary Fully Paid Shares of PKA (on a post-Consolidation basis) upon PKA establishing an Inferred Resource of equal or greater than 1 million ounces equivalent, at a gold grade 1 gram per tonne or greater, as defined by the JORC Code, within thirty six (36) months of completion of the Acquisition. The Inferred Resource of equal or greater than 1 million ounces equivalent must be established at the El Zorro Project or the Espina Project;
(c) 20,030,000 Class C Performance Rights to be issued to the Vendors, convertible into 20,030,000 Ordinary Fully Paid Shares of PKA (on a post-Consolidation basis) upon PKA establishing an Inferred Resource of equal or greater than 2 million ounces equivalent, at a gold grade 1 gram per tonne or greater, as defined by the JORC Code, within forty eight (48) months of completion of the Acquisition. The Inferred Resource of equal or greater than 2 million ounces equivalent must be established at the El Zorro Project or the Espina Project; and
(d) 20,030,000 Class D Performance Rights to be issued to the Vendors, convertible into 20,030,000 Ordinary Fully Paid Shares of PKA (on a post-Consolidation basis) upon PKA completing either a Bankable Feasibility Study or a Definitive Feasibility Study, within sixty (60) months of completion of the Acquisition. The Bankable Feasibility Study or a Definitive Feasibility Study must be in relation to any resource (as defined by the JORC Code) at the El Zorro Project or the Espina Project.

Other than as discussed above, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Future developments, prospects and business strategies
The consolidated entity intends to continue with the advancement of exploration at its current projects located in Chile and seek out further exploration, acquisition and development gold projects in Chile.

Environmental regulation
The consolidated entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The Directors of the consolidated entity are not aware of any breach of environmental regulations for the year under review.

Indemnifying officers or auditor
In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The consolidated entity has a Directors and Officers insurance policy in place.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditors
RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



_____
Geoffrey McNamara
Non-Executive Chairman
19 September 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

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

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 19 September 2019

TUTU PHONG
Partner

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Tesoro Resources Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Consolidated	
	Year ended 30 June 2019 $	**21 March 2017 to 30 June 2018 $**
Interest revenue	197	1,577
Administration expenses	(8,227)	(24,266)
Corporate and compliance expenses	(69,231)	(179,025)
Depreciation	(266)	(187)
Employee related expenses	(181,210)	(206,816)
Equity based payment	(40,000)	-
Impairment of assets	(31,922)	(130,749)
Interest and finance expenses	(22,995)	(4,082)
Legal expenses	(66,751)	(125,622)
Other expenses	(90,016)	(135,339)
Foreign currency translation	(8)	(970)
Loss before income tax	**(510,429)**	**(805,479)**
Income tax expense	-	-
Loss after tax	**(510,429)**	**(805,479)**
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(14,728)	223,431
Other comprehensive (loss)/income for the year/period, net of tax	**(14,728)**	**223,431**
Total comprehensive loss for the year/period	**(525,157)**	**(582,048)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Tesoro Resources Limited
Consolidated Statement of Financial Position
As at 30 June 2019

		Consolidated	
		As at 30 June 2019 $	**As at 30 June 2018 $**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		20,636	135,661
Trade and other receivables	3	56,340	133,542
TOTAL CURRENT ASSETS		**76,976**	**269,203**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	4	2,870,423	1,754,495
Plant and equipment		1,300	382
TOTAL NON-CURRENT ASSETS		**2,871,723**	**1,754,877**
TOTAL ASSETS		***2,948,699***	***2,024,080***
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5a	263,827	295,910
Borrowings	5b	467,011	-
TOTAL CURRENT LIABILITIES		**730,838**	**295,910**
TOTAL LIABILITIES		***730,838***	***295,910***
NET ASSETS		**2,217,861**	**1,728,170**
EQUITY			
Issued capital	6	3,325,066	2,310,218
Reserves	7	208,703	223,431
Accumulated losses		(1,315,908)	(805,479)
TOTAL EQUITY		**2,217,861**	**1,728,170**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

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

CONSOLIDATED	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
Balance at 1 July 2018	**2,310,218**	**(805,479)**	**223,431**	**1,728,170**
Loss for the year	-	(510,429)	-	(510,429)
Exchange differences arising on translation of foreign currency	-	-	(14,728)	(14,728)
Total comprehensive loss for the year	-	(510,429)	(14,728)	(525,157)
Shares issued on El Zorro option exercise	20,531	-	-	20,531
Shares issued on repayment of loan	137,777	-	-	137,777
Equity based payments	40,000	-	-	40,000
Share issues (net of costs)	816,540	-	-	816,540
Balance at 30 June 2019	**3,325,066**	**(1,315,908)**	**208,703**	**2,217,861**

CONSOLIDATED	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
Balance at incorporation, 21 March 2017	**100**	**-**	**-**	**100**
Loss for the period	-	(805,479)	-	(805,479)
Exchange differences arising on translation of foreign currency	-	-	223,431	223,431
Total comprehensive loss for the period	-	(805,479)	223,431	(582,048)
Shares issued on repayment of loan	402,630	-	-	402,630
Share issues (net of costs)	1,907,488	-	-	1,907,488
Balance at 30 June 2018	**2,310,218**	**(805,479)**	**223,431**	**1,728,170**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

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

	Year ended 30 June 2019 $	21 March 2017 to 30 June 2018 $
Cash flows from operating activities		
Interest received	197	1,577
Interest paid	(1,687)	(1,452)
Payments to suppliers and employees	(392,433)	(488,990)
Net cash flows used in operating activities	**(393,923)**	**(488,865)**
Cash Flows from investing activities		
Payments for exploration and evaluation	(1,119,938)	(1,681,523)
Purchase of plant and equipment	(1,184)	(570)
Net cash flows used in investing activities	**(1,121,122)**	**(1,682,093)**
Cash flows from financing activities		
Proceeds from share issue	816,540	1,907,588
Proceeds from borrowings	583,480	400,000
Net cash flows from financing activities	**1,400,020**	**2,307,588**
Net (decrease)/increase in cash and cash equivalents	(115,025)	136,630
Cash and cash equivalents at beginning of the financial year/period	135,661	-
Effect of exchange rate changes on cash and cash equivalents	-	(969)
Cash and cash equivalents at end of the financial year/period	**20,636**	**135,661**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board "'AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The consolidated entity has adopted AASB 9 Financial Instruments and AASB 15 Revenue from Contract with Customers from 1 July 2018. There is no impact on transactions and balances recognised in the financial statements.

Basis of preparation

In the Directors' opinion, the consolidated entity is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Tesoro Resources Limited. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Tesoro Resources Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

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

As disclosed in the financial statements, the consolidated entity incurred a loss of $510,429 and had net cash outflows from operating and investing activities of $393,923 and $1,121,122 respectively for the year ended 30 June 2019. As at that date, the consolidated entity had net current liabilities of $653,862. The ability of the consolidated entity to continue as a going concern is primarily dependent on securing additional funding through capital raisings.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

1. The Directors are confident the consolidated entity has the ability to raise further funds through capital raisings as and when required to satisfy its operational expenditure commitments as it has successfully done since the company's incorporation; and
2. Subsequent to the reporting date, the Company entered into a conditional binding term sheet with Plukka Limited (ASX: PKA) ("Plukka"), pursuant to which Plukka has agreed, subject to the satisfaction of certain conditions precedent, to acquire 100% of the issued capital of the Company. In connection with the acquisition, Plukka plans, subject to shareholder approval, to conduct a public offer to raise no less than $4,500,000.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Comparative figures
The consolidated entity current accounting period is the year ended 30 June 2019 and its comparative accounting period is from 21 March 2017 (date of incorporation) to 30 June 2018. Therefore, the results are not directly comparable.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tesoro Resources Limited ("Company" or "parent entity") as at 30 June 2019 and the results of all subsidiaries for the period then ended. Tesoro Resources Limited and its subsidiaries together are referred to in these financial statements as the "consolidated entity".

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Tesoro Resources Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

Income tax (continued)
Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the consolidated statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value an and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Other financial assets
Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Other financial assets (continued)
For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Exploration and evaluation expenditure
Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made. 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. 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.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ("GST") and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits (continued)
Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award a multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Employee benefits (continued)
Share-based payments (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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 reporting period ended 30 June 2019. 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.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity will adopt this standard from 1 July 2019 and its impact on adoption is not expected to have a material impact on transactions and balances recognized in the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

Exploration and evaluation expenditure
Exploration and evaluation costs have been capitalised on the basis that the activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

	30 June 2019 $	30 June 2018 $
Note 3. Trade and other receivables		
Advances to external parties	22,570	96,214
GST receivable	1,534	14,863
Prepayments	7,035	22,465
Other receivables	25,201	-
	56,340	133,542
Note 4. Exploration and evaluation expenditure		
Costs carried forward in respect of areas of interests:	1,754,495	-
Option payment of Espina project	169,003	58,158
Option payment of El Zorro project	20,531	127,859
Exploration expenditure capitalised	912,780	1,568,478
Foreign currency translation	13,614	-
	2,870,423	1,754,495
Note 5. Current liabilities		
a. Trade and other payables		
Trade payables	104,771	280,271
Other payables	135,569	14,770
Provisions for employee benefits	23,487	869
	263,827	295,910
b. Borrowings		
Loan - Tanamera Resources Pte Ltd	447,011	-
Loan - Linkwood Holdings Pte Ltd	20,000	-
	467,011	-

On 11 July 2018, the Company into a Loan Agreement with Tanamera Resources Pte Ltd ("Tanamera"), an entity, in which Mr McNamara is a director, by which Tanamera would make available up to A$100,000 by way of an unsecured loan for a period of 12 months. This loan was fully paid upon conversion to 918,513 fully paid shares in the Company including interest accrued of $3,830 at a rate of 10% per annum on total outstanding principal. Interest expense has been included in profit or loss for the year.

On 15 November 2018 the Company entered into a Financing Agreement with Tanamera, by which Tanamera would make available up to A$500,000 by way of an unsecured loan for a period of 12 months. Repayment of the outstanding amount of the loan in full on the earlier of: (a) date of expiry or (b) date on which the Company has received an aggregate of A$1,000,000 from equity raising undertaken from execution date. Interest accrues at a rate of 5% per annum on total outstanding principal from the execution date until the drawdown date and 10% per annum on the amount of the loan drawn from the first day after the drawdown date until the repayment date. $17,478 has been included in in profit or loss for the year.

Note 5. Current liabilities (continued)

On 28 June 2019 the Company entered into a Loan Agreement ("Agreement") with Linkwood Holdings Pte Ltd ("Linkwood"), an entity, Mr McNamara is a director, by which Linkwood would make available up to A$100,000 by way of an unsecured loan for a period of 12 months. Repayment of the outstanding amount of the loan in full on the earlier of: (a) expiry of the Term or (b) the date on which the Company has received an aggregate of A$200,000 from equity raisings undertaken from the date of the Agreement. Interest accrues at a rate of 10% per annum on total outstanding principal.

	30 June 2019 $	30 June 2018 $
Note 6. Issued capital		
73,105,603 (2018: 66,340,771) issued and fully paid ordinary shares	3,325,066	2,310,218
	3,325,066	2,310,218

	30 June 2018 #	30 June 2018 $
Movement in ordinary shares on issue		
Shares issued at incorporation	10,000	100
Share reconstruction	(10,000)	-
Shares issued post reconstruction	23,335,000	-
Shares issued on repayment of Medea loan	26,665,000	200,000
Placement – Jan 2018 - $0.15 per share	12,716,585	1,907,488
Shares issued on repayment of Tanamera loan	1,350,868	202,630
Incentive shares issued to brokers	2,273,318	340,998
Capital raising costs	-	(340,998)
At 30 June 2018	66,340,771	2,310,218

	30 June 2019 #	30 June 2019 $
Movement in ordinary shares on issue		
Opening balance	66,340,771	2,310,218
Shares issued on partial option exercise El Zorro project	136,054	20,531
Shares issued on repayment of Tanamera loan	918,513	137,777
Placement – Sept 2018 - $0.15 per share	5,443,598	816,540
Shares issued to Director as remuneration	266,667	40,000
At 30 June 2019	73,105,603	3,325,066

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

	30 June 2019 $	30 June 2018 $

Note 7. Reserves

Opening balance	223,431	-
Foreign currency translation	(14,728)	223,431
Balance at end of the year	208,703	223,431

Note 8. Commitments for expenditure

Exploration commitments

The exploration commitments are as follows:

Not longer than 1 year	39,577	52,069
Longer than 1 but not longer than 5 years	-	-
Longer than 5 years	-	-
Total	39,577	52,069

Exploration commitments consist of annual rents payable on mineral concessions.

Note 9. Contingent assets

All purchases in Chile are subject to the payment of the Impuesto al Valor Agregado ("IVA") which is a Value Added Tax. Tesoro Resources is entitled to claim back the IVA tax it has paid on all Chilean purchases. As at 30 June 2019, the IVA tax receivable is approximately $166,488 (2018: $130,749). The contingent asset has not been recognised as a receivable at 30 June 2019 and 30 June 2018 as receipt of the amount is dependent upon the Company meeting the IVA refund conditions stipulated by the relevant taxation authorities in Chile.

Note 10. Contingent liabilities

As consideration for assistance to the Company as it needs to undertake an Initial Public Offering ("IPO") or Reverse Take Over ("RTO") to list the Company's shares on a recognised exchange, the Company shall:

- Issue JAWAF Enterprises Pty Ltd and Bentley Capital Limited with 1,000,000 shares in the Company on the completion of such RTO or IPO subject to the value being paid for the Company being at least $14 million.

- In accordance with an Advisory Agreement dated 8 February 2018, a success fee shall be payable to Medea Natural Resources as per the following terms:
  - Cash fee of 2% of the Transaction value in the case of an M&A transaction;
  - Cash fee of 4% of funds raised by way of equity, convertibles, equity-linked instruments or the Transaction Value paid by and investor, where Medea has introduced such investors;
  - Cash fee of 2% of funds raised by way of equity, convertibles, equity-linked instruments or the Transaction Value paid by an investor, where Medea has been involved in structuring the transaction but has not introduced such investors;
  - A cash fee of 2% of funds raised by way of debt instruments from any debt investor.
  - A Corporate Finance Fee of AUD 150,000 plus any applicable VAT shall be payable upon in the event that the shares of the Company are priced at AUD 22.5/share at the UPO or an RTO then a n additional payment of AUD 50,000 plus any applicable VAT shall be payable.

There are no other contingent liabilities as at 30 June 2019 and 30 June 2018.

Note 11. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policies described in note 1:

Name	Country of incorporation	Ownership %	
		2019	2018
Tesoro Mining Chile SPA	Chile	95	95

Note 12. Cash flow information

Reconciliation of net loss after tax to the net cash outflows from operations:

	Year ended 30 June 2019 $	21 March 2017 to 30 June 2018 $
Net loss	**(510,429)**	**(805,479)**
Non-cash items		
Share based payments	40,000	-
Impairment of VAT receivable	31,922	130,749
Depreciation	266	187
Interest expense	21,308	2,630
Exchange difference	8	-
Changes in assets and liabilities		
Receivables and other assets	77,202	(112,862)
Payables and accruals	(54,200)	295,910
Net cash flows used in operating activities	**(393,923)**	**(488,865)**
Reconciliation of cash:		
Cash balances	20,636	135,661
	20,636	**135,661**

Note 13. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by RSM Australia, the auditor of the company:

Audit services	12,500	25,000
Taxation services	-	20,000
Other taxation services	-	380
	12,500	45,380

Note 14. Events after reporting period

As announced by Plukka Limited (ASX:PKA)("Plukka") on 5 August 2019, Linkwood Holdings Pte Ltd, Tanamera Resources Pte Lte and Zeffron Charles Reeves (the "Vendors") of the Company entered into a conditional binding term sheet with Plukka pursuant to which Plukka has agreed to acquire 100% of the Vendors' fully paid shares of the Company subject to the following conditions precedent:

- Completion of due diligence by Plukka on the Company's business assets and operations;
- Re-compliance with Chapters 1 and 2 of the ASX Listing Rules;
- All of the Company's shares accepting offers for their respective shares in the Company;
- Receiving conditional approval by the ASX for the reinstatement of Plukka's shares to trade on the ASX;
- In connection with the above re-instatement, Plukka obtain valid applications for no less than A$4,500,000 pursuant to a prospectus;
- Plukka and the Company receiving all necessary shareholder and regulatory approvals as required;
- The Company entering into an interest-free, unsecured convertible loan up to $300,000 with unrelated parties of the Company or Plukka as per the following terms:
    - at Completion of this transaction, the obligation to repay the loan will be assigned to PKA and automatically converted into Shares at a conversion price per Shares equal to a 20% discount to the price per share investors subscribe for under the Prospectus;
    - if Completion has not occurred on or before 1 February 2020, the loan must be repaid in cash unless mutually agreed in writing by loan holders to extend the Repayment Date a minimum of 10 business days prior to the Repayment Date;
    - the loan is interest free; and
    - PAC partners will act as Lead Manager of the convertible loan raising, and will receive a capital raising fee of 5% of the gross proceeds raised, to be issued as new shares in PKA, to be issued to PAC partners (or its nominees). The fee will only be issued if the converting loans are converted into Shares on Completion and re-listing on the ASX.
    - Funds in respect of the convertible loan were received by the Company on 16 August 2019.
- The Company preparing audited accounts;
- No material adverse change having occurred in relation to the Company or its assets between the date of the term sheet and completion of the Acquisition;
- The Company and Plukka obtaining all necessary third-party consents for completion of the Acquisition.

The consideration to be paid by Plukka to the Company and all shareholders in the Company is such number of ordinary fully paid shares of Plukka (on a post-consolidation basis) at a minimum price of $0.03 per share.

Upon completion of the Acquisition, the existing unpaid loans to Tanamera Resources Pte Ltd and Linkwood Holdings Pte Ltd ("Lenders"), both entities related to Geoff McNamara, subject to shareholder approval, will be:
- Assigned to Plukka;
- Repaid to the Lenders through the issue of Plukka shares and cash.

Plukka agrees to issue Performance Rights to the Vendors as incentive in connection with nominees of the Vendors being appointed to the Board of Plukka. The terms of the Performance Rights are as detailed below:

(a) 46,720,000 Class A Performance Rights to be issued to the Vendors, convertible into 46,720,000 Ordinary Fully Paid Shares of PKA (on a post-Consolidation basis) upon PKA establishing an Inferred Resource of equal or greater than 250,000 ounces equivalent at a gold grade of 1 gram per tonne or greater, as defined by the JORC Code, within eighteen (18) months of completion of the Acquisition. The Inferred Resource of equal or greater than 250,000 ounces equivalent must be established at the El Zorro Project or the Espina Project;

Note 14. Events after reporting period (continued)

(b) 50,060,000 Class B Performance Rights to be issued to the Vendors, convertible into 50,060,000 Ordinary Fully Paid Shares of PKA (on a post-Consolidation basis) upon PKA establishing an Inferred Resource of equal or greater than 1 million ounces equivalent, at a gold grade 1 gram per tonne or greater, as defined by the JORC Code, within thirty six (36) months of completion of the Acquisition. The Inferred Resource of equal or greater than 1 million ounces equivalent must be established at the El Zorro Project or the Espina Project;

(c) 20,030,000 Class C Performance Rights to be issued to the Vendors, convertible into 20,030,000 Ordinary Fully Paid Shares of PKA (on a post-Consolidation basis) upon PKA establishing an Inferred Resource of equal or greater than 2 million ounces equivalent, at a gold grade 1 gram per tonne or greater, as defined by the JORC Code, within forty eight (48) months of completion of the Acquisition. The Inferred Resource of equal or greater than 2 million ounces equivalent must be established at the El Zorro Project or the Espina Project; and

(d) 20,030,000 Class D Performance Rights to be issued to the Vendors, convertible into 20,030,000 Ordinary Fully Paid Shares of PKA (on a post-Consolidation basis) upon PKA completing either a Bankable Feasibility Study or a Definitive Feasibility Study, within sixty (60) months of completion of the Acquisition. The Bankable Feasibility Study or a Definitive Feasibility Study must be in relation to any resource (as defined by the JORC Code) at the El Zorro Project or the Espina Project.

Other than as discussed above, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Tesoro Resources Limited
Directors' declaration

In the Directors' opinion:

- the consolidated entity is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the owners of Tesoro Resources Limited;

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards to the extent as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended 30 June 2019, and;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



_____
Geoffrey McNamara
Non-Executive Chairman
19 September 2019

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

Opinion

We have audited the financial report of Tesoro Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance the year then ended; and

(ii) Complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the consolidated entity incurred a loss of $510,429 and had net cash outflows from operating and investing activities of $393,923 and $1,121,122 respectively for the year ended 30 June 2019. As at that date, the consolidated entity had net current liabilities of $653,862. 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 significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Other Information

The directors are responsible for the other information. The other information comprises the corporate directory, chairman's letter and directors' report, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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/ar4.pdf. This description forms part of our auditor's report.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 20 September 2019