

HPAA Pty Ltd
ACN 628 423 647

Financial report
For the year ended 30 June 2020

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**HPAA PTY LTD
ACN 628 423 647**

DIRECTOR'S REPORT

The directors present this report together with the financial report of HPAA Pty Ltd (the "Company") for the year ended 30 June 2020 and auditor's report thereon.

Directors names

The name of the directors in office at any time during or since the end of the period is:

Anthony Cormack

Julian Stephens

Samuel Moyle

The directors have been in office since the start of the period to the date of this report unless otherwise stated above.

Results

The profit/(loss) of the Company for the period after providing for income tax amounted to (\$2,737) (2019: \$879 loss).

Review of operations

During the year, the Company continued its exploration program on the four tenements which together comprise the following three exploration projects:

- Tampu Kaolin Project E 70/5235 & E 70/5214, located in the shire of Beacon, 265km north east of Perth, Western Australia;
- Kalannie Kaolin Project E 70/5215, located 210km north east of Perth, Western Australia and some 65km west of Tampu; and;
- Whiltshire Kaolin Project E 70/5216,, located 370km north of Perth and 90km east of Geraldton.

During the year, HPAA Pty Ltd was able to sample 7 air-core holes drilled by the pastoralist for water on the property. Good sample quality was achieved, and this material was deemed suitable for chemical assays and metallurgical test work and evaluation.

The 7 holes were drilled over 3 days for a total of 250 metres. The program successfully intercepted high purity, bright white kaolin averaging 8m in thickness. On identification of prospects the Company will execute agreements with the property owners for the purposes of exploration drilling and sub-surface rights at the Projects.

On the 8th of September 2019, the Company issued an additional 1,000,000 shares at an issue price of \$0.01.

Principal activities

The principal activities of the Company were the exploration and development of natural resources.

After balance date events

Subsequent to year end, the Company has lodged an application for the beneficial ownership rights to an additional tenement. The status of the application is pending and the proposed location has been identified as key strategical target in line with the Company's operations. Details of the tenement under applications is as follows:

- Bonnie Rock Silica Project, located 250km east north east of Perth and 70km south of Tampu

The Company is also in negotiations regarding a potential transaction which would see 100% of the shares in the Company being acquired by an unrelated listed company. The transaction would be conditional on the acquirer being able to raise sufficient working capital via a public offering to meet the capital requirements of the HPAA Pty Ltd.

Apart from the above, there were no matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2020.

Likely developments and expected results of operations

Likely developments in the operations of the Company and the expected results of those operation in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

**HPAA PTY LTD
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DIRECTOR'S REPORT

Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made at the date of this report.

Options

No options over issued shares or interest in the Company were granted during or since the end of the period. There are no options over issued shares or interests outstanding as at the date of the report.

Indemnification of officers

The Company has not procured and paid for Management Liability Insurance on behalf of the directors and officers during and since the end of the period, for any person who is or has been an officer of the Company.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial period is provided with this report.



Anthony Cormack
Director

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of HPAA Pty Ltd for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 18th day of December 2020

HPAA PTY LTD
ACN 628 423 647

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

	Note	1 July 2019 to 30 June 2020	27 August 2018 to 30 June 2019 \$
Revenue and other income			
Revenue		-	-
Less: expenses			
Administration expenses		(2,737)	(879)
Impairment of exploration expenditure		-	-
Loss before income tax expense		<u>(2,737)</u>	<u>(879)</u>
Other comprehensive income for the period		-	-
Total comprehensive loss attributable to the members of the entity		<u>(2,737)</u>	<u>(879)</u>

The accompanying notes form part of these financial statements.

HPAA PTY LTD
ACN 628 423 647

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30 June 2020 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents	2	6,110	3,572
Other assets	3	70	385
Total current assets		6,180	3,957
Non-current assets			
Exploration, evaluation and development expenditure	4	56,704	41,664
Total non-current assets		56,704	41,664
Total assets		62,884	45,621
Current liabilities			
Loans	5	10,000	-
Total current liabilities		10,000	-
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		-	-
Net assets		52,884	45,621
Equity			
Share capital	6	56,500	46,500
Accumulated losses		(3,616)	(879)
Total equity		52,884	45,621

The accompanying notes form part of these financial statements.

HPAA PTY LTD
ACN 628 423 647

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

	Share capital \$	Accumulated losses \$	Total equity \$
Balance as at 27 August 2018	24,000	-	24,000
Loss for the period	-	(879)	(879)
Total comprehensive income/(loss) for the period	-	(879)	(879)
Securities issued during the year	22,500	-	22,500
Balance as at 30 June 2019	46,500	(879)	45,621
Balance as at 1 July 2019	46,500	(879)	45,621
Loss for the period	-	(2,737)	(2,737)
Total comprehensive income/(loss) for the period	-	(2,737)	(2,737)
Securities issued during the year	10,000	-	10,000
Balance as at 30 June 2020	56,500	(3,616)	52,884

The accompanying notes form part of these financial statements.

HPAA PTY LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 \$	30 June 2019 \$
Cash flow from operating activities			
Payments to suppliers & other expenses		(2,737)	(879)
Payments for exploration, evaluation and development		(14,725)	(19,549)
Net cash provided /(used in) operating activities	7	(17,462)	(20,428)
Cash flow from investing activities			
Net cash used in investing activities		-	-
Cash flow from financing activities			
Proceeds from share issue		10,000	24,000
Loans from related parties		10,000	103,000
Repayment of loans from related parties		-	(103,000)
Net cash provided by financing activities		20,000	24,000
Reconciliation of cash			
Cash at beginning of period		3,572	-
Net increase in cash held		2,538	3,572
Cash at end of period	2	6,110	3,572

The accompanying notes form part of these financial statements.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the Company. The directors have determined that the Company is not a reporting entity because there are no users dependent on general purpose financial statements. HPAA Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the director's report.

The financial report has been prepared in accordance with mandatory Australian Accounting Standards applying to entities reporting under the *Corporations Act 2001* and the significant accounting policies described below, which the directors have determined are appropriate to meet the needs of members

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

These financial statements have been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(b) Going concern

The annual financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Consolidated Entity incurred a loss from ordinary activities of \$2,737 (2019:\$879) for the year ended 30 June 2020 and net cash outflows from operating activities of \$17,462 (2019:\$20,428). The Company has exploration commitments due within the next 12 months, see Note 7. The Company is also in discussions regarding a potential transaction which would see 100% of the shares in the Company being acquired by an unrelated listed Company. The transaction would be conditional on the acquirer being able to raise sufficient working capital via a public offering to meet the capital requirements of the Company. Directors have prepared a cash flow forecast based on the successful completion of the proposed transaction, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

The directors have indicated that they will continue to support the Company and provide necessary working capital if required to ensure the Company remains a going concern. If the Company is unable to raise additional funding there exists a material uncertainty which may cast significant doubt whether the Company will continue as a going concern and therefore the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

(c) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where the right of tenure of the area of interest is current and they are expected to be recouped through successful development on 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. The ultimate recoupment of capitalised exploration, evaluation and development expenditure is dependant upon the final approval of exploration permits.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year 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.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(e) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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. Receivables and payables in the statement of financial position are shown inclusive of GST.

The accompanying notes form part of these financial statements.

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) New accounting standards and interpretations issued not yet effective

Standards and Interpretations applicable to 30 June 2020

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted applicable to 30 June 2020

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the current reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Company accounting policies.

(g) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	30 June 2020 \$	30 June 2019 \$
NOTE 2: CASH AND CASH EQUIVALENTS		
Cash at bank	6,110	3,572
	6,110	3,572
NOTE 3: OTHER ASSETS		
GST Receivable	70	385
	70	385
NOTE 4: EXPLORATION EXPENDITURE		
Carrying amount at the beginning of the period	41,664	-
Acquisition of rights to license (See Note 6)	-	22,500
Deferred exploration expenditure incurred during the period	15,040	19,164
Impairment of tenement	-	-
Carrying Value at the end of the period	56,704	41,664
NOTE 5: LOANS		
Shareholder Loans	10,000	-
	10,000	-

Loans from Shareholders to the Company are on interest free terms and only repayable once the Company is deemed financially capable of repaying the principal.

Proceeds of the loans were used for working capital.

HPAA PTY LTD
ACN 628 423 647

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020 No. Shares	30 June 2020 \$	30 June 2019 No. Shares	30 June 2019 \$
NOTE 6: SHARE CAPITAL				
Opening Balance	15,500,000	46,500	-	-
Issue of shares on incorporation ¹	-	-	8,000,000	24,000
Issue of shares ²	-	-	7,500,000	22,500
Issue of shares ³	1,000,000	10,000	-	-
	16,500,000	56,500	15,500,000	46,500

¹ 8,000,000 fully paid ordinary shares issued at \$0.003 at incorporation on 27 August 2018

² 7,500,000 fully paid ordinary shares issued at \$0.003 for the application rights to Tampu Project licenses.

³ 1,000,000 fully paid ordinary shares issued at \$0.01 on 8 September 2019

	30 June 2020 \$	30 June 2019 \$
NOTE 7: CASH FLOW INFORMATION		
Cash at bank	6,110	3,572
<i>Reconciliation of loss for the year to net cash flows from operating activities</i>		
Loss for the year	(2,737)	(879)
<i>Change In operating assets and liabilities:</i>		
(Increase)/decrease in exploration and evaluation expenditure	(15,040)	(19,164)
(Increase)/decrease in receivables	315	(385)
Net cash used in operating activities	(17,462)	(20,428)

NOTE 8: COMMITMENTS

The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure. A tenement will be liable to forfeiture if the expenditure conditions, specified within the terms of the grant are not complied with. The Group has a 100% share of tenements rental and expenditure commitments of:

Payable:

– not later than 12 months	83,000	62,000
– between 12 months and 5 years	500,000	583,000
– greater than 5 years	-	-
	583,000	645,000

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2020 and as at the date of this report, the Company had no contingent assets or liabilities.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to balance date, the Company has lodged an application for the beneficial ownership rights to an additional tenement. The status of the application is pending and the proposed location has been identified as key strategic target in line with the Company's operations. Details of the tenement under applications is as follows:

- Bonnie Rock Silica Project, located 250km east north east of Perth and 70km south of Tampu.

The Company is also in discussions regarding a potential transaction which would see 100% of the shares in the Company being acquired by an unrelated listed Company. The transaction would be conditional on the acquirer being able to raise sufficient working capital via a public offering to meet the capital requirements of the Company.

Apart from the above, there were no matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2020.

NOTE 11: COMPANY DETAILS

The registered office of the Company is:

HPAA Pty Ltd
24 Sawle Road
HAMILTON HILL WA 6163

The accompanying notes form part of these financial statements.

HPAA PTY LTD
ACN 628 423 647

DIRECTOR'S DECLARATION

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes as set out on pages 6 to 12, are in accordance with the *Corporations Act 2001*; and
 - (a) comply with Australian Accounting Standards as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2020 and performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the director's 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Anthony Cormack
Director

18 December 2020

Criterion Audit Pty Ltd

ABN 85 165 181 822

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Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

Independent Auditor's Report

To the Members of HPAA Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report, of HPAA Pty Ltd ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
- b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion above, we draw attention to Note 1(b) to the annual report, which indicates that the Company incurred a net loss of \$2,737 and as of that date, the Company had net operating cash outflows of \$17,462. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and 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.

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 Company 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 (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Company's financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 to the financial report 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 Company 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Criterion Audit

CRITERION AUDIT PTY LTD

Watts

CHRIS WATTS CA

Director

DATED at PERTH this 18th day of December 2020