

HPAA Pty Ltd
ACN 628 423 647

Financial report
For the half-year ended 31 December 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 half year ended 31 December 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 (\$505,687) (2019: \$2,301 loss).

Review of operations

During the period the Company continued the non-intrusive geological exploration program in order to identify suitable kaolin targets at the following projects:

- Tampu Kaolin Project, located in the shire of Beacon, 265km north east of Perth, Western Australia;
- Kalannie Kaolin Project, located 210km north east of Perth, Western Australia and some 65km west of Tampu;
- Whiltshire Kaolin Project, located 370km north of Perth and 90km east of Geraldton; and

The above projects are prospective for high grade, low impurity kaolin deposits.

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 license under application are as follows:

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

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 Project.

Principal activities

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

After balance date events

On 11 February 2021, the Company entered into a binding share sale agreement with Sinetech Limited who will acquire 100% of the issued capital in the Company. The acquisition is subject to a number of conditions precedent which include completing a capital raising to raise a minimum of \$4,000,000 and up to a maximum of \$5,000,000.

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 period subsequent to 31 December 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.

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.

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DIRECTOR'S REPORT

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.



Tony Cormack
Director

13 April 2021

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 half year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 13th day of April 2021

HPAA PTY LTD
ACN 628 423 647

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	1 July 2020 to 31 December 2020 \$	1 July 2019 to 31 December 2019 \$
Revenue and other income			
Revenue		-	-
Less: expenses			
Administration & consulting expenses		(505,687)	(2,301)
Impairment of exploration assets		-	-
Loss before income tax expense		<u>(505,687)</u>	<u>(2,301)</u>
Other comprehensive income for the period		-	-
Total comprehensive loss attributable to the members of the entity		<u>(505,687)</u>	<u>(2,301)</u>

The accompanying notes form part of these financial statements.

HPAA PTY LTD
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
Current assets			
Cash and cash equivalents	2	2,064	6,110
Other assets	3	857	70
Total current assets		2,921	6,180
Non-current assets			
Exploration, evaluation and development expenditure	4	70,776	56,704
Total non-current assets		70,776	56,704
Total assets		73,697	62,884
Current liabilities			
Loans	5	25,000	10,000
Trade and other payables		1,500	-
Total current liabilities		26,500	10,000
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		-	-
Net assets		47,197	52,884
Equity			
Share capital	6	556,500	56,500
Accumulated losses		(509,303)	(3,616)
Total equity		47,197	52,884

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Share capital \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2019	24,000	(879)	23,121
Loss for the period	-	(2,301)	(2,301)
Total comprehensive income/(loss) for the period	-	(2,301)	(2,301)
Securities issued during the period	10,000	-	-
Balance as at 31 December 2019	34,000	(3,180)	30,820
 Balance as at 1 July 2020	 56,500	 (3,616)	 52,884
Loss for the period	-	(505,687)	(505,687)
Total comprehensive income/(loss) for the period	-	(505,687)	(505,687)
Securities issued during the period	500,000	-	500,000
Balance as at 30 December 2020	556,500	(509,303)	47,197

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	30 June 2020 \$	30 June 2019 \$
Cash flow from operating activities			
Payments to suppliers & other expenses		(4,187)	(2,301)
Payments for exploration, evaluation and development		(14,859)	(9,977)
Net cash provided /(used in) operating activities		(19,046)	(12,278)
Cash flow from investing activities			
Net cash used in investing activities		-	-
Cash flow from financing activities			
Proceeds from share issue		-	10,000
Loans from shareholders		15,000	-
Net cash provided by financing activities		15,000	10,000
Reconciliation of cash			
Cash at beginning of period		6,110	3,572
Net increase/(decrease) in cash held		(4,046)	(2,278)
Cash at end of period	2	2,064	1,294

The accompanying notes form part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 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 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 \$505,687 (2019:\$2,301) for the half-year ended 31 December 2020 and net cash outflows from operating activities of \$19,046 (2019:\$12,278). The Company has exploration commitments due within the next 12 months, see Note 7. On 11 February 2021, the Company entered into a binding share sale agreement which would see 100% of the shares in the Company being acquired by Sinetech Limited, an unrelated listed Company. The transaction is subject to a number of conditions precedent which include 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 dependent 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.

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

(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.

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 31 December 2020

In the year ended 31 December 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 31 December 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.

	31 December 2020 \$	30 June 2020 \$
NOTE 2: CASH AND CASH EQUIVALENTS		
Cash on hand	2,064	6,110
	<u>2,064</u>	<u>6,110</u>
NOTE 3: OTHER ASSETS		
GST Receivable	857	70
	<u>857</u>	<u>70</u>
NOTE 4: EXPLORATION EXPENDITURE		
Carrying amount at the beginning of the period	56,704	41,664
Deferred exploration expenditure incurred during the period	14,072	15,040
Impairment of tenement	-	-
Carrying Value at the end of the period	<u>70,776</u>	<u>56,704</u>
NOTE 5: LOANS		
Shareholder Loans	25,000	10,000
	<u>25,000</u>	<u>10,000</u>

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.

The accompanying notes form part of these financial statements.

HPAA PTY LTD
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NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

	31 December 2020 No. Shares	31 December 2020 \$	30 June 2020 No. Shares	30 June 2020 \$
NOTE 6: SHARE CAPITAL				
Opening Balance	16,500,000	56,500	15,500,000	46,500
Issue of shares ¹	-	-	1,000,000	10,000
Consolidation of capital 2:1 basis	(8,250,000)	-	-	-
Issue of shares ²	8,250,000	500,000	-	-
	<u>16,500,000</u>	<u>556,500</u>	<u>16,500,000</u>	<u>56,500</u>

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

² 8,250,000 fully paid ordinary shares issued at \$0.063 on 9 December 2020.

NOTE 7: 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:

	31 December 2020 \$	30 June 2020 \$
Payable:		
– not later than 12 months	113,384	83,000
– between 12 months and 5 years	458,500	500,000
– greater than 5 years	-	-
	<u>571,884</u>	<u>583,000</u>

NOTE 8: CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2020 and as at the date of this report, the Company had no contingent assets or liabilities.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

On 11 February 2021, the Company entered into a binding share sale agreement with Sinetech Limited who will acquire 100% of the issued capital in the Company. The acquisition is subject to a number of conditions precedent which include completing a capital raising to raise a minimum of \$4,000,000 and up to a maximum of \$5,000,000.

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 period subsequent to 31 December 2020.

NOTE 10: 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.

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 31 December 2020 and performance for the period 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.



Tony Cormack
Director

13 April 2021

Independent Auditor's Review Report

To the Members of HPAA Pty Ltd

Conclusion

We have reviewed the half-year financial report of HPAA Pty Ltd ("the Company"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of HPAA Pty Ltd does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* as 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 half-year report, which indicates that the Company incurred a net loss of \$505,687 and as of that date, the Company had net operating cash outflows of \$19,046. 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 half-year report.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical 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 annual 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 review report.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the half-year 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 half-year financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Half-Year Financial Report

The Directors are responsible for the preparation of the half-year financial report that gives us a true and fair view in accordance with Australian Accounting Standards as described in Note 1 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Criterion Audit

CRITERION AUDIT PTY LTD

Watts

CHRIS WATTS CA
Director

DATED at PERTH this 13th day of April 2021