

NORTH STAWELL MINERALS LTD

ACN 633 461 453

2020 INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2020

For personal use only

Contents

DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION	7
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12
DIRECTORS' DECLARATION	17
INDEPENDENT AUDIT REPORT	19

The financial report is presented in Australian dollars.

Registered Office:
Level 12, 644 Chapel Street,
SOUTH YARRA VIC 3141

Directors' Report

The Directors of North Stawell Minerals Ltd (North Stawell Minerals or Company), have pleasure in submitting their report on the Company for the half year ended 31 December 2020.

DIRECTORS

The names of the directors in office at any time during the reporting period and since the end of the period are:

Jeremy Ellis, Chairman (appointed 28 July 2020)
Alistair Waddell, Non-executive Director (appointed 28 July 2020)
Graham Brown, Non-executive Director (appointed 28 July 2020)
Campbell Peter Olsen, Non-executive Director

COMPANY SECRETARY

Mr David (Euh) Hwang
Mr Lee Tamplin (appointed 10 March 2021)

OPERATING RESULTS

The financial results of the Company for the period after providing for income tax amounted to a net loss of \$1,291,709 compared to the similar period in 2019 of Nil when the company was non-operational.

North Stawell Minerals completed its Initial Public Offering as an ASX-listed company and commenced official trading on 24 September 2020. In connection with the receipt of funds from the IPO, the Company has repaid the contingent liability of \$1,349,344 to Stawell Gold Mines Pty Ltd for financing its pre IPO costs pursuant to a loan agreement disclosed in the prospectus.

REVIEW OF OPERATIONS

- Following its IPO on 24 September 2020, NSM commenced exploration activities during the December quarter
- North Stawell reviewed over 40 years of exploration activity across its tenements, including 160,000m of historical drilling data, geophysics and geochemistry
- Diamond drilling commenced in late November as part of a planned 10,000m Wildwood drill programme. 669.5m was drilled to the end of December
- A series of exploration targets were generated within RL7051, EL6156 and EL5443 with the intention of commencing drilling on completion of the Wildwood programme
- Large exploration program planned over the next two years including 75,000m of drilling, geophysics and geochemistry
- Subsequent to 30 December, two additional rigs were commissioned in early January 2021

NSM commenced trading on the ASX on 24th of September following the successful completion of its \$20m Initial Public Offer (IPO). Using the capital raised the exploration team was expanded, the historical exploration data review was stepped up and community relations activities started. Most importantly, in late November NSM commenced a 10,000m drill program on the Wildwood basalt dome.



Fig1. Aerial view of three drill rigs working at Wildwood, January 2021.

Wildwood Drilling

The Wildwood Basalt dome has been intermittently explored and drilled over the past 35 years by WMC Resources and its successors – respective owners of Stawell Gold Mines. An initial JORC compliant inferred mineral resource estimate of 55kOz @ 2.0g/t Au has been developed from historic drilling to 2012 and NSM sees potential to materially increase the resource base by drilling down-dip, along-strike and down-plunge of known mineralisation.

The initial 10,000m drill programme at Wildwood is designed to test for additional mineralisation outside of the historical mineralised envelopes.

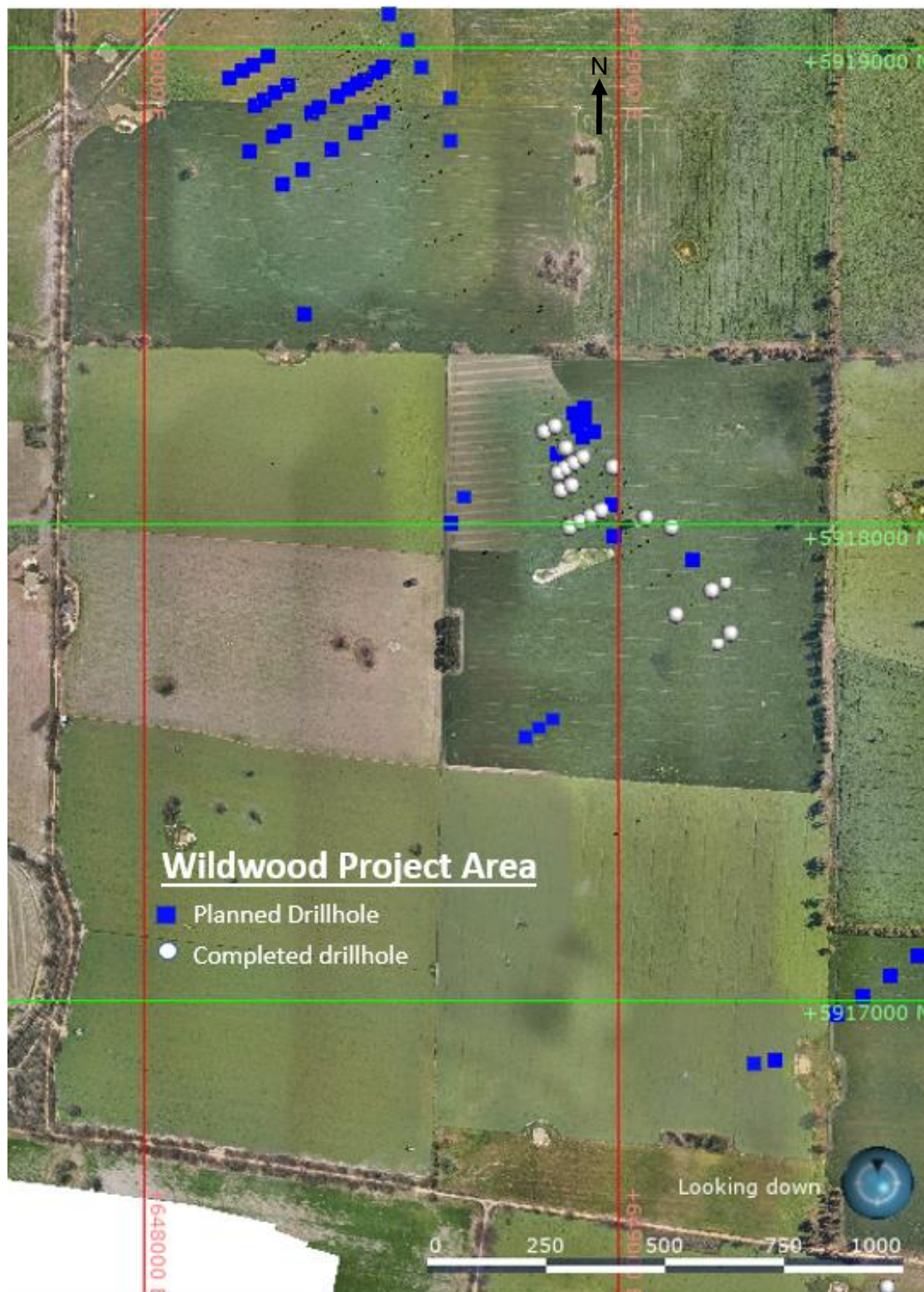


Fig2. Plan view of proposed and completed drill hole collars at Wildwood as of late January. White hole collars are completed drill holes and blue collars represent holes to be drilled.

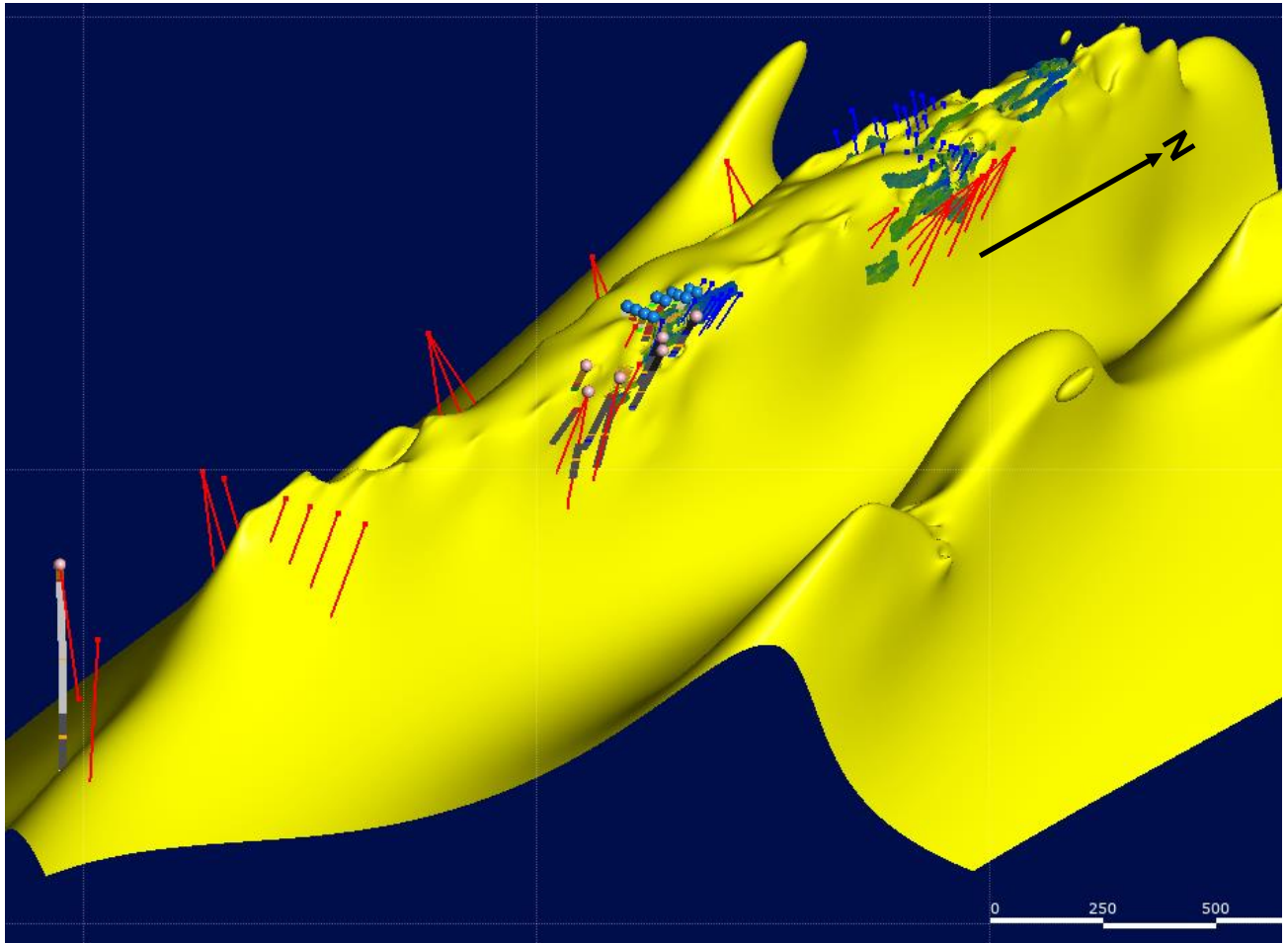


Fig3. The Wildwood basalt dome is represented as a 3D yellow solid. Planned surface drill holes are represented in red (diamond core and blue (reverse circulation or RC). Gold mineralisation is targeted at the contact of the basalt dome and overlying sediments.

Of note is that the western flank of the Wildwood basalt dome (Fig3.) has little historic drilling. A 10-hole programme will test this flank for mineralisation potential during the March 2021 quarter.

Regional Targeting work

During the half year the exploration team continued its review of historical exploration data. The database was updated to include missing drill and assay data.

A significant amount of historical geophysics (raw data and processed images) was added and external geophysicists were engaged to review the data and develop a work plan to address a number of areas with little gravity data. A passive seismic trial is planned to more accurately map out the paleosurface below the current Murray Basin cover.

This work will greatly assist prioritising drill targets planned to commence after the initial 10,000m Wildwood drill programme is completed.

We regard the Stawell Mineralised Corridor to be one of Australia's most prospective and historic gold provinces and have a target rich environment to explore over the next two years with an experienced and enthusiastic team. Many gold prospects are already demonstrated to be gold mineralised and we look forward to commencing regional target exploration once the bulk of our first Wildwood drilling is completed in early 2021. Geochemical and geophysical programmes are underway.



Fig4. Historical maps, drill data and reports being catalogued and added to the exploration database.



Fig5. RC rig in the foreground, NSM field team preparing to sample RC samples and diamond drilling rig in the background. January 2021

Summary

NSM commenced exploration activities and its first major drilling programme at Wildwood safely and on schedule thanks to the excellent work of its employees and contractors. The planning and preparatory work during the December quarter has enabled a smooth ramp up of drilling and exploration activities in early January.

As the drill programme proceeds, the geology team continues to develop the massive historical database and update geochemical, geophysical and structural datasets. This continues to assist prioritising regional gold targets that are planned to be drill tested upon completion of the Wildwood programme.

The Company looks forward to reporting on the Wildwood and regional drilling during the current half year.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was to explore and develop its exploration licences in Victoria, EL5443 and EL6156 and retention licence RL7051 (Licences). ELA7324, ELA7325 and ELA7419 are exploration licenses currently under application.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years that have not been disclosed elsewhere.

LIKELY DEVELOPMENTS

The Company is awaiting approval of 3 exploration licenses – ELA7324, ELA7325 and ELA7419– currently under application. The Company plans to advance its exploration activities in line with the plans outlined in the prospectus.

ENVIRONMENTAL LEGISLATION

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

DIVIDENDS

There were no dividends paid or declared during the reporting period or to the date of this report.

UNISSUED SHARES UNDER OPTION

There are no unissued ordinary shares under option.

PERFORMANCE RIGHTS

At the date of this report, the company has 1,942,000 performance rights on issue which may vest to ordinary shares subject to vesting conditions.

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

During the reporting period, the officers of the Company are covered under its D&O insurance policies.

PROCEEDINGS ON BEHALF OF THE COMPANY

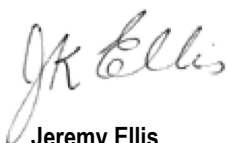
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 3 and forms part of this directors' report.

Signed in accordance with a resolution of the Directors.



Jeremy Ellis
Chairman
Melbourne
15 March 2021

Wildwood Inferred Mineral Resource Estimate and Competent Person's Statement

The Wildwood JORC Inferred Mineral Resource Estimate is extracted from the report entitled "Prospectus" created on 22 September 2020 and is available to view on www.asx.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resource Estimates, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information that relates to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by Mr Brad Robinson, a Competent Person who is a Member of The Australian Institute of Mining and Metallurgy (AusIMM) and an employee of North Stawell Minerals. Mr Robinson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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' (2012 JORC Code). Mr Robinson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information that relates to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by Mr Steven Tambanis, a Competent Person who is a Member of The Australian Institute of Mining and Metallurgy (AusIMM) and CEO of North Stawell Minerals. Mr Tambanis has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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' (2012 JORC Code). Mr Tambanis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This announcement contains "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of NSM and any of its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Exploration potential is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Readers are cautioned not to place undue reliance on forward-looking statements and NSM assumes no obligation to update such information.

Table 1. NSM Tenure Summary

Tenement	Number	Area (km ²)	Initial NSM holding	Earn-in potential
Wildwood	RL7051	49.9	51%	90%
Barrabool	EL5443	194	51%	90%
Glenorchy	EL6156	18	100%	N/A
Total Granted Tenement Area		261.9		
Deep Lead Application ¹	ELA7324	209	51%	90%
Germania Application ¹	ELA7325	82	51%	90%
Total Tenement Application Area		291		
Total Tenement and Tenement Application Area		552.9		

¹ Tenement Applications, subject to granting.

Auditor's Independence Declaration

To the Directors of North Stawell Minerals Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of North Stawell Minerals Ltd for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 March 2021

Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2020

	Notes	31 Dec 2020 \$	31 Dec 2019 \$
Interest income		21,534	-
Administration and corporate costs		(257,735)	-
Director's Fees		(80,000)	-
IPO expenses		(850,530)	-
Share based payments	5	(124,978)	-
Loss before income tax expense		(1,291,709)	-
Income tax expense		-	-
Net loss after income tax benefit for the period		(1,291,709)	-
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,291,709)	-
Basic and Diluted Loss per share (cents)	2	(0.01)	N/A

This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position
As at 31 December 2020

	Notes	31 Dec 2020 \$	30 Jun 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	16,856,168	2,361
Trade and other receivables		141,616	-
Other current assets		68,002	-
		17,065,786	2,361
Non-Current Assets			
Exploration and evaluation assets		821,465	-
Plant and equipment		289,202	-
Other non-current assets		40,000	-
Total non-current assets		1,150,667	-
TOTAL ASSETS		18,216,453	2,361
LIABILITIES			
Current liabilities			
Trade and other payables		521,717	3,000
Provision for employee benefits		11,964	-
TOTAL LIABILITIES		533,681	3,000
NET ASSETS/(LIABILITIES)		17,682,772	(639)
EQUITY			
Issued capital	4	18,850,152	10
Performance Rights Reserve		124,978	-
Accumulated losses		(1,292,358)	(649)
TOTAL EQUITY		17,682,772	(639)

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity
For the half year ended 31 December 2020

	Issued Capital \$	Performance Rights Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2019	10	-	-	10
Transaction with owners	-	-	-	-
Total comprehensive loss for the period	-	-	-	-
Balance at 31 December 2019	10	-	-	10
	Issued Capital \$	Performance Rights Reserve \$	Losses \$	Total Equity \$
Balance at 1 July 2020	10	-	(649)	(639)
Total comprehensive loss for the period	-	-	(1,291,709)	(1,291,709)
Shares issued for acquisition of EL6156	200,000	-	-	200,000
Shares issued to Arete Partners Pty Ltd and Asrica Pty Ltd pursuant to service agreements	4,000,000	-	-	4,000,000
Initial Public Offering	20,000,000	-	-	20,000,000
Transaction Costs	(5,349,858)	-	-	(5,349,858)
Performance Rights Issued	-	124,978	-	124,978
Balance at 31 December 2020	18,850,152	124,978	(1,292,358)	17,682,772

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows
For the half year ended 31 December 2020

	Notes	31 Dec 2020 \$	31 Dec 2019 \$
Operating activities			
Interest received		21,534	-
Payments for staff, administrative and corporate costs		(349,148)	-
Net cash used in operating activities		(327,614)	-
Investing activities			
Payments to acquire plant and equipment		(291,082)	-
Payments for exploration and evaluation assets		(284,110)	-
Payments for tenement bonds		(10,000)	-
Net cash used in investing activities		(585,192)	-
Financing activities			
Proceeds from issue of shares		20,000,000	-
Transaction costs related to issue of shares		(2,200,387)	-
Repayment of Loan		(3,000)	-
Security Collateral for Credit Card		(30,000)	-
Net cash from financing activities		17,766,613	-
Net change in cash and cash equivalents		16,853,807	-
Cash and cash equivalents, beginning of reporting period		2,361	-
Cash and cash equivalents, end of period	3	16,856,168	-

This statement should be read in conjunction with the notes to the financial statements.

For personal use only

Notes to the financial statements

For the period ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

a) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments that meet the quantitative criteria, as prescribed by AASB 8, are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Directors has considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Board in allocating resources have concluded that at this time there are no separately identifiable segments.

b) Critical accounting estimates and judgements

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

c) Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

d) Key judgements – exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

1. EARNINGS PER SHARE

The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31 Dec 2020	31 Dec 2019
Weighted average number of shares used in basic and diluted earnings per share	98,888,889	-
Profit / (loss) per share – basic (cents)	(\$0.01)	-

In accordance with AASB 133 'Earnings per Share', there are no dilutive securities.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	31 Dec 2020	30 June 2020
	\$	\$
Cash at bank and on hand	16,856,168	2,361
Cash and cash equivalents	16,856,168	2,361

The above figures are reconciled to cash at the end of the financial period as shown in the statement of cash flows as follows:

Cash and cash equivalents	16,856,168	N/A
---------------------------	------------	-----

3. ISSUED CAPITAL & RESERVES

	Number of shares	31 Dec 2020
(a) Issued and paid up capital		
Fully paid ordinary shares	120,000,000	18,850,152
(b) Movements in fully paid shares		
At 1 July 2020	52,000,000	10
Shares issued – acquisition of tenement (EL6156)	20,000,000	200,000
Shares issued – incentive awards	(*) 8,000,000	4,000,000
Shares issued	40,000,000	20,000,000
Transaction costs	-	(5,349,858)
Balance as 31 December 2020	120,000,000	18,850,152

(*) 4,000,000 shares issued to Asrica Pty Ltd, an entity associated with Campbell Olsen, North Stawell Minerals director. The shares were issued pursuant to an IPO Services Agreement between Arete Partners Pty Ltd, as agent for Stawell Gold Mines Pty Ltd and Arete Capital Partners Pty Ltd. A further 4,000,000 shares issued to Arete Partners Pty Ltd an entity associated with Mr Peter Edwards, a former director of the Company. The shares were issued pursuant to an IPO Services Agreement between Arete Partners Pty Ltd, as agent for Stawell Gold Mines Pty Ltd.

The share capital of North Stawell Minerals Ltd consists only of fully paid ordinary shares. All shares are eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of North Stawell Minerals Ltd. The shares do not have a par value and the Company does not have a limited amount of authorised capital. In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

4. SHARE BASED PAYMENTS

Performance Rights Movement	31 Dec 2020 \$	30 June 2020 \$	Weighted Avg Exercise Price
Expired	-	-	-
Granted	1,942,000	-	-
Exercised	-	-	-
Outstanding	1,942,000	-	\$0.50

Performance Rights Plan	
Grant Date	28 July 2020
Number Issued	1,942,000
Share Price (IPO)	\$0.50
Vesting Period	2 years

Performance Rights Reserve	31 Dec 2020		30 June 2020	
	Number	Reserve \$	Number	Reserve \$
Fair Value of rights issued, not vested	1,942,000	124,978	-	-

Employee Share Option Plan

The Company has established an employee share option plan (ESOP) to assist in the motivation, retention reward of senior executives and other employees that may be invited to participate in the ESOP from time to time. The ESOP was adopted on 28 July 2020. The ESOP is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in the Company. The ESOP provides flexibility for the Company to grant Shares or Options as incentives, subject to the terms of individual offers and the satisfaction of performance and vesting conditions determined by the Board from time to time.

Under the Plan, the Board can issue performance rights to Executive and the Non-Executive Directors, employees and contractors as remuneration for additional duties performed and to incentivise them to align their interests more closely with those of shareholders.

If the performance conditions and any other vesting conditions are met, an equivalent number of shares will be issued that rank equally with all other existing shares in all respects.

Valuation of Performance Rights

AASB 2 Share-Based Payment requires that the Company record the cost of all forms of Director and employee remuneration in the Company's accounts and sets out parameters for determining this cost.

AASB 2 sets the valuation date (termed as Grant Date) as the date at which such a right has been approved.

The Directors have valued the performance rights using the Monte Carlo model; the model calculates performance right values utilising the following inputs:

- Rights type;
- Valuation date;
- Share price at valuation date;
- Expiry date;
- Risk free rate;
- Company-specific volatility;
- Strike price; and
- Maximum expected life.

4. SHARE BASED PAYMENTS (Cont)

The performance rights plan was adopted on 28 July 2020 and issued of a total of 1,942,000 Performance Rights that expire on 28 July 2024. The Performance Rights are triggered by meeting the following performance vesting conditions:

Holder	Number	Vesting conditions
Mr Jerry Ellis	340,000	Two years continuous service with the company from its date of admission to ASX.
Mr Campbell Olsen	280,000	Two years continuous service with the company from its date of admission to ASX.
Mr Alistair Waddell	280,000	Two years continuous service with the company from its date of admission to ASX.
Mr Graham Brown	280,000	Two years continuous service with the company from its date of admission to ASX.
Mr Steven Tambanis	762,000	<ol style="list-style-type: none"> 1. Acquire and process new geophysical and geochemical data 2. Define and prioritise minimum of 20 drill targets 3. Drill 20,000 metres, minimum 15,000 diamond 4. JORC resource 250,000 oz 5. JORC resource 500,000 oz 6. Market capitalisation of \$180 m
Total	1,942,000	

The total value of these rights of \$581,093 includes a portion (\$124,978) that has been recognised in the period ended 31 December 2020 and is reflected in the profit and loss.

5. RELATED PARTY TRANSACTIONS

The Company has a support services agreement with Stawell Gold Mines Pty Ltd in relation to the use of certain administrative facilities, equipment and other services (these include administrative offices, human resources and safety, cleaning, data base management). The Company incurred \$70,000 in costs to Stawell Gold Mines over the current reporting period for this support services agreement. There was \$44,000 due for payment at the end of the reporting period. This services agreement is considered to be at reasonable arm's length terms for the purposes of Chapter 2E of the Corporations Act.

The Company issued of 4 million shares at \$0.50 to Asrica Pty Ltd an entity associated with Campbell Olsen (Director). The shares were issued pursuant to an IPO services agreement between Arete Partners Pty Ltd, as an agent for Stawell Gold Mine Pty Ltd and Arete Capital Partners Pty Ltd. The issue of these shares was approved by Shareholders on 17 July 2020. There is also a further issue of 4 million shares at \$0.50 to Arete Partners Pty Ltd (entity owned by Victor Smorgon group who are shareholders to the company) for IPO services.

There was a loan agreement with Stawell Gold Mines Pty Ltd in relation to pre-IPO costs amounting to \$1.6 million which has been fully repaid by the Company. As outlined in the prospectus, Stawell Gold Mines Pty Ltd was a related party to the Company due to common shareholders prior to the IPO.

6. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

As at 31 December 2020, the Company did not have any contingent assets or contingent liabilities (30 June 2020: There was a contingent liability in relation to a loan with Stawell Gold Mines Pty Ltd that has been fully repaid from the IPO proceeds. For the purposes of the cashflow the Company has shown the outflow based on the underlying transactions incurred by Stawell Gold Mines Pty Ltd which was predominately transaction costs for the equity raising.

The Company has minimum expenditure commitments on exploration licences as per the terms of each exploration license. Unexpended commitment for a particular year can be deferred or rolled over to subsequent years of the licence term.

7. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years that have not been disclosed elsewhere.

8. OTHER MATTERS

During the period, COVID-19 outbreak was declared a pandemic by the World Health Organization ('WHO') in March 2020, which continues to spread throughout Australia.

While to date the COVID-19 pandemic has not had any material impact on the Company's operations, the global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and is likely to continue to have, a significant impact on global capital markets, the gold price and foreign exchange rates. Should any Company personnel or contractors be infected, it could result in the Company's operations being suspended or otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as an adverse impact on the financial condition of the Company.

Supply chain disruptions resulting from the COVID-19 pandemic and ongoing measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, may also adversely impact the Company's operations, financial position and prospects in future periods.

The financial statements have been prepared based upon conditions existing at 31 December 2020.

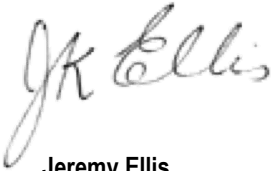
Directors' Declaration

In the opinion of the Directors of North Stawell Minerals Ltd:

- a) the financial statements and notes of North Stawell Minerals Ltd are in accordance with the *Corporations Act 2001 (Cth)*, including:
- i. giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the financial period ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001 (Cth)*; and
- b) there are reasonable grounds to believe that North Stawell Minerals Ltd will be able to pay its debts when they become due and payable.

The financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Jeremy Ellis
Chairman
Melbourne
15 March 2021

Independent Auditor's Report

To the Members of North Stawell Minerals Ltd

Report on the review of the half year-financial report

Conclusion

We have reviewed the accompanying half-year financial report of North Stawell Minerals Ltd (the Company), which comprises the statement of financial position as at 31 December 2020, and 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 description of accounting policies, other selected explanatory notes, 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 North Stawell Minerals Ltd does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the North Stawell Minerals Ltd 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* and the *Corporations Regulations 2001*.

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 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half year financial report

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

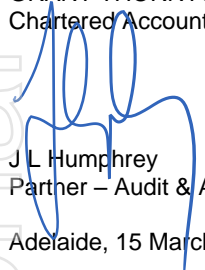
Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 half year 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 March 2021