



AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2020

ABN 48 083 274 024

For personal use only

For personal use only

THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK



AND ITS CONTROLLED ENTITIES

CONTENTS
HALF-YEAR FINANCIAL REPORT

	Page No.
Directors' Report	4
Auditor's Independence Declaration	7
Consolidated Statement of Financial Performance	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to and forming part of the Financial Statements	12
Directors' Declaration	16
Independent Auditor's Review Report	17

DIRECTORS' REPORT



Your directors submit the financial report of Surefire Resources NL (the "Company" or "Surefire") and its subsidiaries (the "Group") for the half-year ended 31 December 2020.

DIRECTORS

The following persons were directors of the Company during the half-year and up to the date of this report:

Mr Vladimir Nikolaenko
Mr Michael Povey
Mr Roger Smith

REVIEW OF OPERATIONS

The total loss from continuing operations for the half-year ended 31 December 2020 was \$1,608,663 (2019: \$706,001).

In the preparation of this Financial Report, the Company is required to comply with statutory Australian Accounting Standards, and specifically in this accounting period with AASB Interpretation 19 as it relates to the "Extinguishing of Financial Liabilities with Equity Instruments". The requirements mandated by this Interpretation has an impact on the reporting of a "Loss on settlement of liability" amounting to \$508,875 and shown separately in the Consolidated Statement of Financial Performance. This reportable loss is explained by the fact that a resolution was approved by shareholders at the Annual General Meeting ('AGM') of the Company held on 23 November 2020 ('the Grant date') to issue 22,125,500 shares to Company's Directors in lieu of accrued Directors' fees of \$177,000. The issue price of the shares was set at \$0.008 being the price at which the Company's shares were trading when management decided to settle the liability by issuing shares ('the decision date'), the date of which is different from the Grant date. The closing price of \$0.031 on the date of AGM was the grant date fair value of the shares issued for a total fair value of \$685,875. The settlement of the liability of \$177,000 by the issuance of the shares thus resulted in a net loss of \$508,875, resulting from the increase in the value of the Company's shares between the decision date and the grant date. The net loss of \$1,608,663 recognises this adjustment.

The net loss from continuing operations for the half-year ended 31 December 2020 **EXCLUDING** this adjustment was \$1,099,788.

The Group's activities during the six-month period are summarised in this report which unless otherwise stated, should be read as if dated 31 December 2020.

PROJECT REPORT

YIDBY GOLD (E59/2390, E59/2426, E59/2444)

During the half year to 31 December 2020 Surefire completed a 20 RC hole drilling program at the Yidby Gold Project (see Figure 1, location), that produced exceptional intersections from several holes at the Yidby Road prospect (see ASX releases 30 November 2020 and 15 December 2020) including:

YBRC007	56m	@	1.97	g/t Au	from	44m
	<i>including</i>		4m	@	14.47	g/t Au
YBRC008	40m	@	3.01	g/t Au	from	24m
	<i>including</i>		4m	@	26.57	g/t Au

A major new drilling program is planned to commence Q1 2021 to define and extend the thick and relatively high-grade gold mineralised zone, which is currently open along strike to both the northwest and southeast, and at depth.

Drilling will also be planned to test extensions of this regional scale, mineralised, structural corridor, indicated by gravity and magnetic imagery, to the north and south of the currently identified zone.

PERENJORI - GOLD (E70/5311, E70/5573, E70/5575 and E59/2446)

Four new exploration licences have been granted at the Perenjori Gold - Base Metals - Iron Ore Project, that includes a large "V-shaped", folded, greenstone belt on granted tenement E59/5311 that is highly prospective for gold and base metals mineralisation as well as iron ore.

Previous rockchip channel sampling and RC drilling on the eastern limb of the fold produced highly significant results (see ASX release 23 November 2021) including:

- Channel sampling results of **33 metres @ 0.21 g/t Au** and **30 metres @ 0.22 g/t Au**, and,
- Drilling results including: **28m @ 0.72g/t Au** from 8m, including **4m @1.24g/t Au** in PC16

Compilation of these wide spaced results will be carried out during the first quarter of 2021 with follow up drilling to be planned.

Iron Ore potential of the Banded Iron Formation ("BIF") units on E70/5311 was reviewed post the half year (see ASX release 26 February 2021), which highlighted the potential, based on previous scoping studies on the existing resource, to produce a high-grade concentrate with very low impurities in an ideal location to take advantage of existing infrastructure.

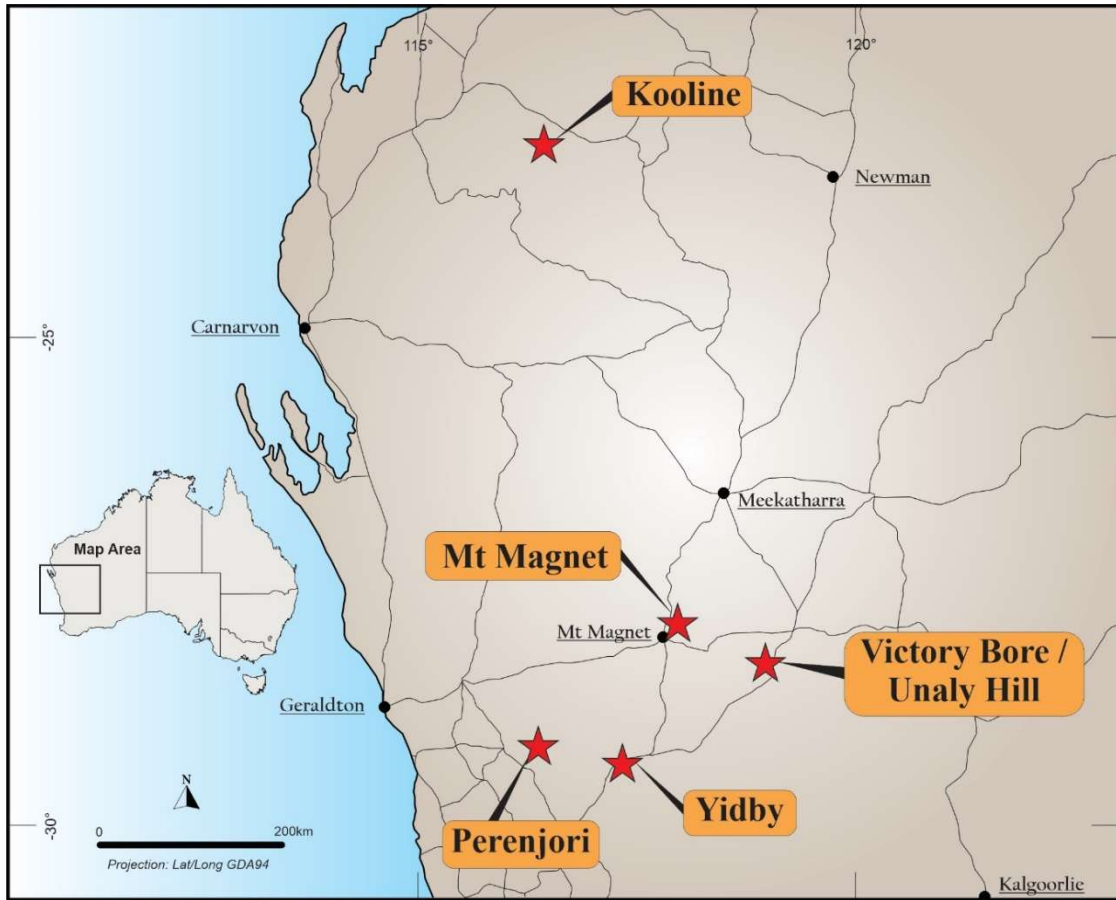


Figure 1 Surefire's Project Locations

KOOLINE HIGH GRADE LEAD-SILVER (E08/2373 and E08/2956)

Re-processing of IP and EM data at the Kooline Silver - Lead Project has highlighted several significant anomalies/conductors that may be related to extensions of the high-grade Silver (Ag) - lead (Pb) mineralisation in historical workings, as well as Copper (Cu) – Gold (Au) potential adjacent to an interpreted intrusive. Structural interpretation and targeting is in-progress with drilling to be planned.

UNALY HILL HPA (E57/1068) & VICTORY BORE VANADIUM (E57/1036)

Hydrometallurgical testing of a beneficiated sample from the Unaly Hill Project is undergoing testing at Nagrom laboratories in Perth. Initial leach recoveries of at least 50% alumina are indicated. A report with recommendations for further work, including Research and Development options, will be completed during Q1 2021.

MOUNT MAGNET GOLD (E58/559)

The Mt Magnet project comprises a recently granted tenement located within the north-south striking Meekatharra-Mt Magnet greenstone belt. Gold mineralisation in the area is typically associated the pyrite and pyrrhotite replacement of magnetite in the BIF units. The company will carry out a review of previous geophysics (e.g. Magnetics) and other work before planning new exploration programs.

Competent Person Statement:

The information in this report that relates to exploration results has been reviewed, compiled and fairly represented by Mr Jonathon Dugdale, a Fellow of the Australian Institute of Mining and Metallurgy ('FAusIMM') and a full time employee of Discover Resource Services Pty Ltd. Mr Dugdale has sufficient experience, including over 34 years' experience in exploration, resource evaluation, mine geology and finance, relevant to the style of mineralisation and type of deposits under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee ('JORC') Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Dugdale consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

DIRECTORS' REPORT



INDEPENDENCE DECLARATION BY AUDITOR

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2020.

This report has been signed in accordance with a resolution of directors.

For and on behalf of the Directors

Signature affixed to original document and held on file

Mr Vladimir Nikolaenko

Managing Director

16th March 2021

ELDERTON

AUDIT PTY LTD

AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Surefire Resources NL

As auditor for the review of Surefire Resources NL for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Signature of Elderton Audit Pty Ltd affixed to original document and held on file

Elderton Audit Pty Ltd

Signature of Rafay Nabeel affixed to original document and held on file

Rafay Nabeel

Audit Director

16th March 2021

Perth

T +61 8 6324 2900
ABN 51 609 542 458

E info@eldertongroup.com
W www.eldertongroup.com

A Level 2, 267 St Georges Terrace, Perth WA 6000

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**



	Notes	Half-Year Ended 31 Dec 2020 (\$)	Half-Year Ended 31 Dec 2019 (\$)
Revenue:			
Interest income		92	-
Expenses:			
Director fees and consulting charges		(180,250)	(245,550)
Exploration expenses		(459,738)	(313,357)
Administration expenses		(185,535)	(131,761)
Legal fees		(8,357)	(15,333)
Share-based payments	3	(266,000)	-
Loss on settlement of liability	3	(508,875)	-
(Loss) before income tax expense		<u>(1,608,663)</u>	<u>(706,001)</u>
Income tax expense		-	-
(Loss) from continuing operations		<u>(1,608,663)</u>	<u>(706,001)</u>
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total Comprehensive income for the period attributable to members of the Company		<u>(1,608,663)</u>	<u>(706,001)</u>
Basic (loss) per share (cents per share)		(0.230)	(0.125)
Diluted (loss) per share (cents per share)		<u>(0.230)</u>	<u>(0.125)</u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**



	Notes	31 Dec 2020 (\$)	30 June 2020 (\$)
Current Assets			
Cash and cash equivalents		3,464,013	193,990
Other receivables		89,954	76,167
Total Current Assets		<u>3,553,967</u>	<u>270,157</u>
Non-Current Assets			
Plant and equipment		7,446	-
Total Non-Current Assets		<u>7,446</u>	<u>-</u>
TOTAL ASSETS		<u>3,561,413</u>	<u>270,157</u>
Current Liabilities			
Trade and other payables		615,625	775,910
Interest-bearing liabilities		-	60,000
Total Current Liabilities		<u>615,625</u>	<u>835,910</u>
TOTAL LIABILITIES		<u>615,625</u>	<u>835,910</u>
NET ASSETS		<u>2,945,788</u>	<u>(565,753)</u>
Equity			
Contributed equity	3	33,076,639	28,336,435
Reserves	3	385,500	5,500
Accumulated losses		(30,516,351)	(28,907,688)
TOTAL EQUITY		<u>2,945,788</u>	<u>(565,753)</u>

The accompanying notes form part of these financial statements.

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



	Contributed Equity (Net of costs) (\$)	Reserves (\$)	Accumulated Losses (\$)	Total (\$)
Balance at 1.7.2019	27,262,659	375,200	(28,171,597)	(533,738)
Comprehensive Income				
Operating (loss) for the period	-	-	(706,001)	(706,001)
Total comprehensive income for the period	-	-	(706,001)	(706,001)
Transactions with owners, in their capacity as owner, and other transfers				
Shares issued during the period	1,150,000	-	-	1,150,000
Cost of capital raising (includes share-based payments)	(76,225)	5,500	-	(70,725)
Reversal of share based payment reserve in respect of expiry of options on 30.11.2019	-	(375,200)	375,200	-
Balance at 31.12.2019	28,336,434	5,500	(28,502,398)	(160,464)

Balance at 1.7.2020	28,336,435	5,500	(28,907,688)	(565,753)
Comprehensive Income				
Operating (loss) for the period	-	-	(1,608,663)	(1,608,663)
Total comprehensive income for the period	-	-	(1,608,663)	(1,608,663)
Transactions with owners, in their capacity as owner, and other transfers				
Shares issued during the period	4,460,748	-	-	4,460,748
Loss on settlement of liability	508,875	-	-	508,875
Cost of capital raising	(229,419)	-	-	(229,419)
Share based payments	-	380,000	-	380,000
Balance at 31.12.2020	33,076,639	385,500	(30,516,351)	2,945,788

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**



	Half-Year Ended 31 Dec 2020 (\$)	Half-Year Ended 31 Dec 2019 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(379,878)	(334,282)
Net cash (used in) operating activities	<u>(379,878)</u>	<u>(334,282)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure incurred	(338,580)	(244,442)
Payments for new prospects	(37,635)	(1,926)
Purchase of plant and equipment	(7,630)	-
Net cash from (used in) investing activities	<u>(383,845)</u>	<u>(246,368)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and exercise of options	4,209,165	1,150,000
Share issue costs	(115,419)	(70,725)
Loan repayments	(60,000)	(75,000)
Net cash from financing activities	<u>4,033,746</u>	<u>1,004,275</u>
Net (decrease) increase in cash held	3,270,023	423,625
Cash and cash equivalents at the beginning of the financial period	<u>193,990</u>	<u>20,554</u>
Cash and cash equivalents at the end of the financial period	<u><u>3,464,013</u></u>	<u><u>559,425</u></u>

The accompanying notes form part of these financial statements.

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard 134: *Interim Financial Reporting*.

These financial statements were approved by the Board of Directors on the date of the Directors Declaration.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Surefire Resources NL (the "Company") and its subsidiary (together, the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2020, together with any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

These financial statements have been prepared on an accruals and historical cost basis, except where indicated.

Going Concern

For the half-year ended 31 December 2020, the Group incurred an operating loss of \$1,608,663 (31 December 2019: \$706,001) and had a net surplus in working capital of \$2,938,342 at reporting date.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards of Interpretations that are not yet mandatory have not been adopted early.

NOTE 2 OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's principal activity is mineral exploration.

Revenue and assets by geographical region

The Group's revenue is received from sources and assets located wholly within Australia.

Major customers

Due to the nature of its current operations, the Group does not provide products and services.

NOTE 3 EQUITY

Contributed Equity - Ordinary Shares

	31 Dec 2020	
	Number	\$
Balance at the beginning of the period	628,153,640	28,336,435
Issue of shares at \$0.0155 each	80,000,000	1,240,000
Conversion of expense payables into fully paid shares – directors' services at \$0.008 each	22,125,000	177,000
Adjustment on settlement of liability – directors' services – see Note 1 below	-	508,875
Conversion of expense payables into fully paid shares – drilling services at \$0.02 each	4,350,000	87,000
Conversion of partly-paid shares into fully paid shares at \$0.027 each	43,681,064	1,179,389
Exercise of options into fully paid shares at \$0.006 each	190,701,090	1,144,206
Cost of capital raising (including share-based payments)	-	(229,419)
Balance at the end of the period	969,010,794	32,443,486

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**



NOTE 3 EQUITY (Continued)

	31 Dec 2020	
	Number	\$
Contributed Equity – Partly paid Contributing Shares		
Balance at the beginning of the period	300,252,600	-
Issue of partly-paid shares as approved at AGM	200,000,000	20,000
Conversions into fully paid shares during the period	(43,681,064)	-
Balance at the end of the period	456,571,536	20,000
Contributed Equity – Listed Options		
Balance at the beginning of the period	-	-
Issue of options	613,153,640	613,153
Exercise of options into fully paid shares	(190,701,090)	-
Balance at the end of the period	422,452,550	613,153
Contributed Equity – Unlisted Options		
Balance at the beginning of the period	55,000,000	-
Balance at the end of the period	55,000,000	-
Total Contributed Equity		33,076,639
Share Based Reserve		
Balance at the beginning of the period		5,500
Issue of partly paid contributing shares – 27.11.2020 – See below		380,000
Balance at the end of the period		385,500

Note 1 - A resolution was approved by shareholders at the Annual General Meeting ('AGM') of the Company held on 23 November 2020 ('the Grant date') to issue 22,125,500 shares to Company's Directors in lieu of accrued Directors' fees of \$177,000. The issue price of the shares was set at \$0.008 being the price at which the Company's shares were trading when management decided to settle the liability by issuing shares ('the decision date'), the date of which is different from the Grant date. The closing price of \$0.031 on the date of AGM was the grant date fair value of the shares issued for a total fair value of \$685,875. The settlement of the liability of \$177,000 by the issuance of the shares thus resulted in a net loss of \$508,875, resulting from the increase in the value of the Company's shares between the decision date and the grant date. This net loss has been recognised in the Consolidated Statement of Financial Performance.

Share Based Payments Valuation

Share-based payment transactions, in the form of partly-paid ordinary shares to directors, a broker and a contractor, have been independently valued by Scott Hill of Provisio Corporate on the following bases:

"The key factor in valuing the Contributing Shares is to correctly assess the probability of the Board calling the unpaid amount and the conditions under which the holders of those Contributing Shares will choose to pay that call.

Modelling Option Valuation based on Market Conditions:

Monte Carlo simulation models: The simplest way to assess the probabilities associated with complex interrelationships is to construct appropriately structured Monte Carlo simulation model. We used a model to generate 1000 random price paths over the course of a year and used each of the 1000 randomised price paths to determine a theoretical value at the time and price which can be used as an input to the valuation model.

Whilst these are Contributing Shares, in many respects the call nature of the contribution means the valuation models should be based upon a binomial lattice as it provides the necessary flexibility to accommodate various possible outcomes conditions such as the likelihood of share price volatilities varying over the term of the life of the Contributing Share (which can typically be years in duration), the likelihood of the holder not paying the contribution when called and/or forfeiting the right to pay up the Contributing Shares in the event of leaving employment – except in the event of the employee leaving when, if the Contributing Shares are in-the-money at that point, it is assumed that the Contribution Shares are paid up upon their leaving.

Notwithstanding the foregoing, it is worth noting that all other things are the same (i.e. single fixed values for volatility and the risk-free rate, and excluding more complex conditions, etc.), then the results produced by the binomial model will converge to give the same answer as the Black-Scholes model as each time interval used in the binomial lattice gets smaller and smaller (i.e. as one creates a greater and greater number of nodes to value within a given option's life). As such we used the end price of each of the 1000 random price paths as the input to a Black-Scholes model to determine a valuation and then used the average of the 1000 iterations to calculate a fair and reasonable valuation.

Volatility

The volatility used in the modelling is critical to the value assigned as volatility, even of whole markets, is a measure which can fluctuate considerably over time – though it is also generally acknowledged to have the property of tending to regress towards the mean (i.e. move towards its long term average value). This characteristic is perceived to hold true for not only individual securities but for whole markets. When assessing the measures of volatility we used a GARCH analysis model – which provides a forecast which is essentially an exponentially weighted average value with the added refinement of incorporating regression, over time, towards the mean of the historical trend line.

In our valuation models we modelled a range of implied volatilities derived from Surefire's historical share price. However, the historical volatilities derived using the Surefire share price are higher than the ASX average market volatilities which reflect the fact that share price can have a low daily volume and can move substantially in a short timeframe. As such, for the valuation we have settled upon an implied volatility of 85%. It is recognized that this volatility is higher than the overall ASX market implied volatility and reflects the high percentage variability in the share price due to its extremely low share price.

Further notes on modelling methodology. The high volatility in Surefire's share price combined to make the valuations sensitive to the simulation run. The solution was to adjust for volatility drag. This brought the Monte Carlo valuations into line with other Binomial option models that were used to confirm the valuations.

Share price: We used the underlying ASX:SRN share price in the valuation including the last trading closing share price at the Valuation Date which was the date the Deed Poll was entered into, namely 20 July 2020.

Time to expiry: The valuations were done individually for each year out to five years and the median three year average valuations were used.

Risk free rate: Though with interest rates trading near historical lows, it is arguable that the government bond rate is the correct rate to use, it is nonetheless the required input. Given that rates may move from the current historical low over the life of the life of the Contributing Share a 'risk free' rate assumption of 1.5% was used.

Dividend yield: We have assumed that it is highly unlikely that the company will pay a dividend during the life of the Contributing Shares.

Valuation

Based on the above methodology, we place a valuation of between \$0.00175 and \$0.00250 per Contributing Share, with a **fair and reasonable valuation being \$0.0020 per Contributing Share as at 20 July 2020.**"

NOTE 4 CONTROLLED ENTITIES

Subsidiaries of Surefire Resources NL	Country of Incorporation	Percentage Owned (%)
Unaly Hill Pty Ltd	Australia	100%
Argus Mining Pty Ltd	Australia	100%
Kadji Mining Pty Ltd	Australia	100%
Associate of Surefire Resources NL		
Oil & Gas SE Pty Ltd – this company is dormant	Australia	49%

NOTE 5 EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the reporting period, the Company has issued the following securities pursuant to:

1. exercise of SRNOC listed options – 64,472,531 yielding \$386,835;
2. exercise of all unlisted broker options – 55,000,000 yielding \$990,000; and
3. acceptance of calls on contributing shares – 8,677,085 yielding \$234,281.

Other than as detailed above, there have been no matters or circumstances that have arisen since 31 December 2020 which have significantly affected or may significantly affect:

- (a) the Group's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the Group's state of affairs in future years.

NOTE 6 CONTINGENT LIABILITIES AND ASSETS

The directors intend to clarify and possibly dispute various invoices included in the Company's financial records which were raised by outgoing directors in relation to services rendered. The total amount of those charges equates to \$265,093 and have been included in expenses incurred in prior periods.

Contingent Liability on Acquisition of Victory Bore Tenement

In an Amendment to the Heads of Agreement for Sale of Tenement executed on 16 August 2018 between High Grade Metals Limited, Acacia Mining Pty Ltd, Mutual Holdings Pty Ltd and Surefire Resources NL, it was agreed (among other terms) that:

1. Within 60 days of Surefire announcing to the ASX that it has obtained a pre-feasibility study that confirms that the subject tenement, namely Victory Bore, if developed as a mine, has an internal rate of return of not less than 20%, Surefire will pay an additional sum of \$650,000;
2. Within 60 days of Surefire announcing to the ASX that it has made a decision to mine within the Tenement area, Surefire will pay an additional sum of \$650,000; and

These contingencies have NOT been included as an expense in the Financial Report and are subject to the respective conditions being met in due course.

NOTE 7 TENEMENT EXPENDITURES CONDITIONS AND OTHER COMMITMENTS

The Group has certain obligations to perform minimum exploration work on the tenements in which it has an interest. These obligations may in some circumstances, be varied or deferred. Tenement rentals and minimum expenditure obligations which may be varied or deferred on application are expected to be met in the normal course of business.

The minimum statutory expenditure commitments required to be spent on the granted tenements for the next twelve months amounts to \$462,000.

DIRECTORS' DECLARATION



The directors of the Company declare that:

1. the accompanying financial statements and notes:
 - (a) comply with Accounting Standard AASB 134 : *Interim Financial Reporting* and the *Corporations Act 2001*; and
 - (b) give a true and fair view of the financial position of the Company as at 31 December 2020 and its performance for the half-year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed at Perth:

Signature affixed to original document and held on file

Mr Vladimir Nikolaenko

Managing Director

Dated: 16th March 2021

Independent Auditor's Review Report

To the members of Surefire Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Surefire Resources NL ("the Company") and its controlled entities ("the Group"), which comprises the consolidated condensed statement of financial position as at 31 December 2020, the consolidated condensed statement of financial performance, consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Surefire Resources NL does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Surefire Resources NL 's financial position as at 31 December 2020 and of its financial performance for the half-year then ended; and
- (ii) 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 ethical requirements of the *Corporations Act 2001* and 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 review report.

Responsibility of the Directors for the 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 the 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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the 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 Group's financial position as at 31 December 2020, and of its financial performance for the half-year ended on that date, and complying with Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Act 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.

Signature of Elderton Audit Pty Ltd affixed to original document and held on file

Elderton Audit Pty Ltd

Signature of Rafay Nabeel affixed to original document and held on file

Rafay Nabeel
Audit Director
16th March 2021
Perth