
ACH NICKEL PTY LTD

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT

The Directors present their report on ACH Nickel Pty Ltd (the Company) for the year ended 30 June 2020.

The names of the Directors who held office during the reporting year or since the end of the reporting year and up to the date of this report are:

Edmund Ainscough (date of appointment as Company Secretary 04/09/2014; as Director 22/01/2015)
 Ian Junk (date of appointment as Director 18/08/2014)
 Darren Hedley (date of appointment as Director 09/06/2014)
 Tao Li (date of appointment as Director 18/08/2014)
 Liu Yanhui (date of appointment as Director 27/08/2014; resigned 07/09/2020)

All dollar amounts in this report are Australian Dollars unless otherwise stated.

Operating Results

The operating loss of the Company for the financial year after providing for income tax amounted to \$1,448,577 (2019: \$1,110,600).

Review of Operations

The Company is a mineral resource exploration and development company. It was established to undertake a farm-in and joint venture agreement with Gold Fields Ltd subsidiary, St Ives Gold Mining Co. Pty Ltd, as recorded in the Option and Joint Venture Agreement in relation to the Foster and Jan Nickel/Gold Project, executed with that company on 9th October 2014. Operations in the reporting period continued to focus on the Company's farm-in activities at Kambalda and included on ground exploration and geoscience activities at the project together with the administrative support of the Company's West Perth Office.

Corporate

During the 2019 financial year, the Company received funding of \$1,039,000 in the form of shares and \$1,520,750 in the form of interest free borrowings whilst providing a short term loan of \$100,000 in the form of interest free borrowings back to its majority shareholder, Bolong (Australia) Investment Management Pty Ltd (hereafter "Bolong").

Going Concern

The financial statements for the year ended 30 June 2020 have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the year, the Company recorded a loss of \$1,448,577 (2019: \$1,110,600) and had net cash outflows from operating activities of \$1,443,162 (2019: \$1,105,755). At balance date, the Company had a working capital deficit of \$2,960,538 (2019: \$1,511,961).

Based on the Company's future cashflow forecast, the Company will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration and project development activities and meeting its farm-in obligations to St Ives Gold Mining Co. Pty Ltd.

The Company's shareholders have a contractual obligation to continue to provide such funding by way of equity contributions and the provision of loans up to a total of \$8,000,000 (\$3,000,000 as equity from the four founding shareholders pro rata to the agreed ownership percentages and \$5,000,000 to be provided in the form of interest free borrowings from Bolong, as recorded in the "Heads of Agreement to Establish a New Joint Company and Shareholdings", executed by the shareholders and the Company on 7th October 2014).

DIRECTORS' REPORT (Cont.)**Going Concern (Contd.)**

As at the record date all equity contribution obligations had been met and a sum of \$1,165,625 remained undrawn from Bolong as a loan. The Company had further advanced \$100,000 to Bolong just prior to the end of the 2019 financial year.

Subsequent to the end of the reporting period, the net debt owed to Bolong (\$3,734,375) was waived by Bolong and converted to equity issued pro rata to founding shareholders pro rata to their then ownership percentages, however the \$1,165,625 remained undrawn from Bolong as a loan and this obligation remained upon Bolong to provide such funds.

Further to the above, two shareholders, Mainglow Pty Ltd and Aurora Prospects Pty Ltd, agreed with the Company to provide short term funding by way of a Convertible Note with a face value of \$1,100,000. The terms of this instrument were recorded in the Convertible Note Deed executed between the Company and these parties on 7th October 2020. The Company intends to apply the \$1,165,625 remaining undrawn from Bolong as a loan to repay the Convertible Note before the Redemption Date, as defined in the Deed.

Thereafter the ability of the Company to continue as a going concern is dependent upon the Company securing additional funding through raising equity by way of a planned IPO or other means or undertaking a whole or partial sale of interests in its mineral exploration project.

On 31 January 2020, the COVID-19 pandemic was announced by the World Health Organisation and is having a negative impact on world stock markets, currencies and general business activity. The Company has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the Company to raise capital in the current prevailing market conditions.

These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Company will be able to raise additional funds to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis as the Company is currently in the process of preparing for an IPO. Should the IPO not proceed or be delayed, the Company may:

- Scale back certain activities that are non-essential so as to conserve cash;
- Undertake a whole or partial sale of interests in mineral exploration project, and
- Raise capital by means other than the IPO.

Should the Company not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal Activities

The principal activity of the Company during the reporting year was as the operator and farminor of the Option and Joint Venture Agreement in relation to the Foster and Jan Nickel/Gold Project at Kambalda, in Western Australia.

DIRECTORS' REPORT (Cont.)**Functional Currency**

The functional currency of the Company is Australian Dollars.

Dividends Paid or Recommended

No dividend has been declared, paid or proposed during the year.

Options

On 6 Oct 2020, the Company granted 1,383,420 options to employees under the Company's incentive option plan (Plan) dated 1 October 2020. The options are subject to the terms and conditions of the Plan as below:

Option exercise price: \$0.01 each
 Expiry date: 5 years from grant date
 Vesting conditions: Nil
 Exercise conditions: Nil

The options remain outstanding at the date of this report.

Environmental Regulation

The Company's operations have been carried out in accordance with all applicable environmental regulations effective under Commonwealth and State laws.

Indemnifying Officer

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of the Company.

Proceedings on Behalf of 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 year.

Events Occurring after the Reporting Date

On 6 Oct 2020, the Company granted 1,383,420 options to employees under the Company's incentive option plan (Plan) dated 1 October 2020.

Under the terms and conditions of the Heads of Agreement between the Company and Bolong (Australia) Investment Management Pty Ltd ("Bolong"), Bolong is required to advance a loan of A\$5 million in total to the Company as and when requested by the Company's managing director in order to ensure the Company is in a position, in advance, to fund upcoming expenditures incurred or to be incurred by the Company in order to acquire interests under the Foster/Jan Project Option and Joint Venture Agreement with St Ives Gold Mining Company Pty Ltd or to develop or create the Foster/Jan Project. To date Bolong has advanced \$3,834,375 and is also the recipient of A\$100,000 loaned to Bolong. On 6 Oct 2020, Bolong signed a Supplementary Agreement to convert the \$3,734,375 amount outstanding into shares at \$0.1771 per share which were issued to the contributing shareholders in amounts pro rata to their then current ownership percentages, ignoring the management shares and employee options.

DIRECTORS' REPORT (Cont.)**Events Occurring after the Reporting Date (Cont.)**

On 7 October 2020, the Company signed a Convertible Note Deed (Note) with Aurora Prospects Pty Ltd and Mainglow Pty Ltd to provide funding of \$1,100,000 to the Company. The Note bears interest at the rate of 8% per annum. The Note has a redemption date of 4 months and the outstanding principal including all unpaid interest shall be converted at \$0.1662 per share if not repaid before that time.

The Company executed a 3rd Deed of Variation with St Ives Gold Mining Co. Pty Ltd that allowed for the Company to crystallize its initial 51% interest in the Joint Venture by way of invitation to admission to the Australian Securities Exchange (ASX) involving an Initial Public Offering (IPO) of shares in the Company.

The Company has also reached provisional agreement to a subsequent Sale and Purchase Deed with St Ives Gold Mining Co. Pty Ltd to acquire that company's residual 49% interest in the Foster/Jan Project upon the IPO noted above with the consideration payable to St Ives Gold Mining Co. Pty Ltd being the issue of such number of shares as required at that time to provide a 49% ownership interest in the Company immediately prior to the IPO and ASX listing. This agreement remains to be finalized and executed.

The Company's expectation is that the IPO and listing has the potential to raise between \$15,000,000 and \$20,000,000 subject to supportive prevailing market conditions including the spot nickel price and equity market sentiment, factors outside of the Company's control.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not been financially negative for the Company, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No matters or circumstance have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company in future financial years.

Related Party Transactions

As disclosed in Note 18 to the Financial Statements.

Company Details

The registered office and principal place of business of the company is:
Suite 5, 11 Ventnor Avenue
West Perth
Western Australia
6005

Auditor's Independence Declaration

A copy of the auditor's independence declaration is included in this financial report.

Signed in accordance with a resolution of the Board of Directors:



Edmund Ainscough
Managing Director

Dated on this day in Perth: 22 December 2020

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ACH NICKEL PTY LTD

As lead auditor of ACH Nickel Pty Ltd for the year ended 30 June 2019 and 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'J Prue', is written over a light grey circular watermark that contains the text 'For personal use only'.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 22 December 2020

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

	Note	2020 \$	2019 \$
Other income			
Interest income	2	14,789	29,290
Government grant	2	62,500	-
Expenses			
Audit fee	5	(5,500)	(5,500)
ASIC and government fees		(36,867)	(417)
Computer, software and database		(42,136)	(41,173)
Consultants, design and testing		(62,443)	(9,435)
Legal costs		(209,545)	(38,863)
MRF levies		(57,750)	(63,201)
Management and service fees		(36,164)	(28,607)
Tenement rent and outgoings		(92,440)	(85,903)
Samples and assays		(46,736)	(59,718)
Employee costs	3	(789,406)	(681,215)
Other expenses		(146,879)	(125,858)
Total expenses		(1,525,866)	(1,139,890)
Loss before income tax expense		(1,448,577)	(1,110,600)
Income tax expense	4	-	-
Net loss after income tax expense		(1,448,577)	(1,110,600)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,448,577)	(1,110,600)
Total comprehensive loss for the year attributable to:			
Owners of ACH Nickel Pty Ltd		(1,448,577)	(1,110,600)
Basic and diluted loss per share (cents per share)	13	(8.55)	(6.56)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	794,328	2,237,490
Trade and other receivables	7	23,730	14,978
Loan to a related party	8	100,000	100,000
TOTAL CURRENT ASSETS		<u>918,058</u>	<u>2,352,468</u>
TOTAL ASSETS		<u>918,058</u>	<u>2,352,468</u>
CURRENT LIABILITIES			
Trade and other payables	9	44,221	30,054
Borrowings	10	3,834,375	3,834,375
TOTAL CURRENT LIABILITIES		<u>3,878,596</u>	<u>3,864,429</u>
TOTAL LIABILITIES		<u>3,878,596</u>	<u>3,864,429</u>
NET LIABILITIES		<u>(2,960,538)</u>	<u>(1,511,961)</u>
EQUITY			
Issued capital	11	3,000,000	3,000,000
Accumulated losses		(5,960,538)	(4,511,961)
DEFICIENCY IN EQUITY		<u>(2,960,538)</u>	<u>(1,511,961)</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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

	Note	Contributed Equity \$	Accumulated Losses \$	Total \$
Balance at 30 June 2018		1,441,500	(3,401,361)	(1,959,861)
Loss for the year		-	(1,110,600)	(1,110,600)
Total comprehensive loss for the year		-	(1,110,600)	(1,110,600)
Transactions with owners in their capacity as owners:				
Capital raising	11	1,558,500	-	1,558,500
Balance at 30 June 2019		3,000,000	(4,511,961)	(1,511,961)
Loss for the year		-	(1,448,577)	(1,448,577)
Total comprehensive loss for the year		-	(1,448,577)	(1,448,577)
Balance at 30 June 2020		3,000,000	(5,960,538)	(2,960,538)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020	2019
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from reimbursements		25,877	3,270
Payments to suppliers and employees		(1,533,828)	(1,138,315)
Interest received		14,789	29,290
Government grant received		50,000	-
Net cash used in operating activities	12	(1,443,162)	(1,105,755)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from shares		-	1,039,000
Loan to a related party		-	(100,000)
Proceeds from borrowings		-	1,520,750
Net cash provided by financing activities		-	2,459,750
Net (decrease)/increase in cash held		(1,443,162)	1,353,995
Cash at beginning of year		2,237,490	883,495
Cash at end of reporting year	6	794,328	2,237,490

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Corporate Information

ACH Nickel Pty Ltd (the "Company") was incorporated and has its domicile in Australia and is a proprietary company limited by shares.

b) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accruals basis and is based on historic costs modified by the revaluation of financial assets, financial liabilities and selected non-current assets for which the fair value basis of accounting has been applied.

Going Concern

The financial statements for the year ended 30 June 2020 have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the year, the Company recorded a loss of \$1,448,577 (2019: \$1,110,600) and had net cash outflows from operating activities of \$1,443,162 (2019: \$1,105,755). At balance date, the Company had a working capital deficit of \$2,960,538 (2019: \$1,511,961).

Based on the Company's future cashflow forecast, the Company will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration and project development activities and meeting its farm-in obligations to St Ives Gold Mining Co. Pty Ltd.

The Company's shareholders have a contractual obligation to continue to provide such funding by way of equity contributions and the provision of loans up to a total of \$8,000,000 (\$3,000,000 as equity from the four founding shareholders pro rata to the agreed ownership percentages and \$5,000,000 to be provided in the form of interest free borrowings from Bolong, as recorded in the "Heads of Agreement to Establish a New Joint Company and Shareholdings", executed by the shareholders and the Company on 7th October 2014).

As at the record date all equity contribution obligations had been met and a sum of \$1,165,625 remained undrawn from Bolong as a loan. The Company had further advanced \$100,000 to Bolong just prior to the end of the 2019 financial year.

Subsequent to the end of the reporting period, the net debt owed to Bolong (\$3,734,375) was waived by Bolong and converted to equity issued pro rata to founding shareholders pro rata to their then ownership percentages, however the \$1,165,625 remained undrawn from Bolong as a loan and this obligation remained upon Bolong to provide such funds.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Going Concern (Cont.)**

Further to the above, two shareholders, Mainglow Pty Ltd and Aurora Prospects Pty Ltd, agreed with the Company to provide short term funding by way of a Convertible Note with a face value of \$1,100,000. The terms of this instrument were recorded in the Convertible Note Deed executed between the Company and these parties on 7th October 2020. The Company intends to apply the \$1,165,625 remaining undrawn from Bolong as a loan to repay the Convertible Note before the Redemption Date, as defined in the Deed.

Thereafter the ability of the Company to continue as a going concern is dependent upon the Company securing additional funding through raising equity by way of a planned IPO or other means or undertaking a whole or partial sale of interests in its mineral exploration project.

On 31 January 2020, the COVID-19 pandemic was announced by the World Health Organisation and is having a negative impact on world stock markets, currencies and general business activity. The Company has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the Company to raise capital in the current prevailing market conditions.

These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Company will be able to raise additional funds to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis as the Company is currently in the process of preparing for an IPO. Should the IPO not proceed or be delayed, the Company may:

- Scale back certain activities that are non-essential so as to conserve cash;
- Undertake a whole or partial sale of interests in mineral exploration project, and
- Raise capital by means other than the IPO.

Should the Company not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

Adoption of new and revised standards

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2019. As a result of this review, the Company has initially applied AASB 16 from 1 July 2019. Due to the transition method chosen by the Company in applying AASB 16 Leases, comparative information throughout the financial statements has not been restated to reflect the requirements of the new standard.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)****Adoption of new and revised standards (cont.)****AASB 16 Leases**

AASB 16 replaces AASB 117 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019. A lessee can choose to apply the Standard using a full retrospective or modified retrospective approach.

The Directors do not believe that this revised standard will have a material impact on the Company and therefore, no material change is necessary to Company's accounting policies.

c) Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial Assets

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price (excludes estimates of variable consideration) as defined in AASB 15 Revenue, as the contracts of the Company do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)****c) Financial Instruments (Cont.)*****(ii) Financial Liabilities and Equity***

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

(iii) Effective Interest Rate Method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

d) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit and loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e) Employee Benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, sick leave and annual leave which will be settled after one year, have been measured at their nominal amount.

Contributions are made to employee superannuation funds and are charged as expenses when incurred. All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans or equivalent provide accumulated benefits. Contributions are made in accordance with the statutory requirements of each jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)****f) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

g) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the statement of financial position as current liabilities under borrowings.

h) Revenue*Interest income*

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

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and service tax, except:

- I. where the amount of GST incurred is not recoverable from the Australian Tax Office. It is recognised as part of the cost of acquisition of an asset or as part of an item of the expense.
- II. receivables and payables are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

j) Income Taxes

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit equity.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)****j) Income Taxes (Cont.)**

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised. The amount of benefits brought to account or which may be released in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

k) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

l) Issued capital

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

m) Property, Plant and Equipment

All property, plant and equipment are initially measured at cost and are written off in profit or loss in line with ATO's various small business concessions for instant asset write off.

n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)****o) Exploration and evaluation expenditure**

Exploration and evaluation expenditure, including the costs of acquiring licences, are expensed as exploration and evaluation expenditure as incurred.

p) Earnings per share*Basic earnings per share*

Basic earnings per share is calculated by dividing the net profit/loss attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

q) Impairment of non-financial assets

Exploration investment and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

r) Critical accounting judgements, estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 2: OTHER INCOME

	2020	2019
	\$	\$
Interest income	14,789	29,290
Cash flow boost government incentive	62,500	-
	<u>77,289</u>	<u>29,290</u>

NOTE 3: EMPLOYEE COSTS

	2020	2019
	\$	\$
Fringe benefits tax	10,443	3,964
Protective clothing	422	998
Staff amenities	240	168
Staff training	460	3,344
Superannuation	86,642	75,564
Wages	691,199	597,177
	<u>789,406</u>	<u>681,215</u>

NOTE 4: INCOME TAX EXPENSE

	2020	2019
	\$	\$
Current tax expense	-	-
Deferred tax expense	-	-
	<u>-</u>	<u>-</u>
Loss before income tax expense	(1,448,577)	(1,110,600)
Tax at statutory tax rate of 27.5% (2019: 30%)	(398,359)	(333,180)
Effect of non-deductible expenses	2,585	6,743
Effect of non-assessable income	(17,188)	-
Effect of changes in unrecognised temporary differences	1,513	1,650
Effect of unused tax losses not recognised as deferred tax asset	411,449	324,787
Income tax expense	<u>-</u>	<u>-</u>
Unrecognised deferred tax assets:		
Tax losses - revenue	5,975,318	4,478,641
Other temporary differences	11,000	5,500
	<u>5,986,318</u>	<u>4,484,141</u>
At the rate of 27.5% (2019: 30%)	<u>1,646,237</u>	<u>1,345,242</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 5: AUDITOR'S REMUNERATION

	2020	2019
	\$	\$
Audit services	5,500	5,500
	<u>5,500</u>	<u>5,500</u>

NOTE 6: CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank	92,913	70,864
Cash at bank - Investment	701,415	2,166,626
	<u>794,328</u>	<u>2,237,490</u>

NOTE 7: TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
Other receivables	-	2,189
GST paid	11,230	10,936
Other debtor – Cash flow boost	12,500	-
ATO Integrated Client Account	-	1,853
	<u>23,730</u>	<u>14,978</u>

NOTE 8: LOAN TO A RELATED PARTY

	2020	2019
	\$	\$
Loan to Bolong	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

The short-term loan to Bolong (Australia) Investment Management Pty Ltd (Bolong) was interest free and repayable on demand. The loan was net off against the \$3,834,375 loan from Bolong to the Company. On 6 Oct 2020, Bolong signed an agreement to convert the \$3,734,375 amount outstanding into shares at \$0.1771 per share.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 9: TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Trade payables	10,762	5,638
Accruals	11,000	5,500
FBT and GST	2,587	509
Employee taxes	19,872	18,407
	<u>44,221</u>	<u>30,054</u>

NOTE 10: BORROWINGS

	2020	2019
	\$	\$
Current Loan		
Loan - Bolong	3,834,375	3,834,375
	<u>3,834,375</u>	<u>3,834,375</u>

Loan – Bolong

The Company has borrowed funds from Bolong (Australia) Investment Management Pty Ltd (Lender). The loan may be secured by the assets of the Company however the Lender has not elected to perfect security at this stage. The loan is repayable through the application of 70% of available cashflow from the Company's Project, on a listing date, upon the receipt of the proceeds of a transaction following the sale of all, or part of the Project or upon the receipt of proceeds of a transaction following a change of control of the Company, whichever comes first. The loan incurs no interest. On 6 Oct 2020, Bolong agreed to convert the outstanding loan, net of the sum of \$100,000 owing to the Company, into shares at \$0.1771 per share, to be issued as per the agreement entitled Supplementary Agreement to Heads of Agreement.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 11: CONTRIBUTED EQUITY

(a) Share Capital

	30 June 2020		30 June 2019	
	No.	\$	No.	\$
Fully paid ordinary shares	16,940,627	3,000,000	16,940,627	3,000,000

(b) Movement in issued capital

	Date	No.	\$
Balance as at 30 June 2018		16,940,627	1,441,500
Paid during the year - Mainglow	3/07/2018	-	250,000
Paid during the year - Mainglow	5/07/2018	-	9,750
Paid during the year - Bolong	7/12/2018	-	779,250
Converted from borrowings - Fan Rong and Aurora	7/12/2018	-	519,500
Balance as at 30 June 2019¹		16,940,627	3,000,000
Balance as at 30 June 2020		16,940,627	3,000,000

¹ In previous years, the Company issued 16,940,627 partially paid shares to the shareholders. During FY2019 the Company received the residual amount owing from the shareholders, resulting in all shares at 30 June 2019 being fully paid ordinary shares.

(c) Fully Paid Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 12: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Loss after income tax expense

	2020	2019
	\$	\$
Loss after income tax	(1,448,577)	(1,110,600)
Changes in assets and liabilities		
(Increase) / decrease in trade and other receivables	(8,752)	(9,179)
Increase / (decrease) in trade and other payables	14,167	14,024
Cash flows used in operating activities	(1,443,162)	(1,105,755)

NOTES TO THE FINANCIAL STATEMENTS (Cont.)**NOTE 13: LOSS PER SHARE**

	2020	2019
	\$	\$
Loss attributable to shareholders	(1,448,577)	(1,110,600)
	Number	Number
Weighted average number of shares	16,940,627	16,940,627
	Cents per share	Cents per share
Basic and diluted loss per share	(8.55)	(6.56)

NOTE 14: CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities, contingent assets or commitments at reporting date.

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

On 6 Oct 2020, the Company granted 1,383,420 options to employees under the Company's incentive option plan (Plan) dated 1 October 2020.

Under the terms and conditions of the Heads of Agreement between the Company and Bolong (Australia) Investment Management Pty Ltd ("Bolong"), Bolong is required to advance a loan of A\$5 million in total to the Company as and when requested by the Company's managing director in order to ensure the Company is in a position, in advance, to fund upcoming expenditures incurred or to be incurred by the Company in order to acquire interests under the Foster/Jan Project Option and Joint Venture Agreement with St Ives Gold Mining Company Pty Ltd or to develop or create the Foster/Jan Project. To date Bolong has advanced \$3,834,375 and is also the recipient of A\$100,000 loaned to Bolong which remains unpaid. On 6 Oct 2020, Bolong signed a Supplementary Agreement to convert the \$3,734,375 amount outstanding into shares at \$0.1771 per share which were issued to the contributing shareholders in amounts pro rata to their then current ownership percentages, ignoring the management shares and employee options.

On 7 October 2020, the Company signed a Convertible Note Deed (Note) with Aurora Prospects Pty Ltd and Mainglow Pty Ltd to provide funding of \$1,100,000 to the Company. The Note bears interest at the rate of 8% per annum. The Note has a redemption date of 4 months and the outstanding principal including all unpaid interest shall be converted at \$0.1662 per share if not repaid before that time.

The Company executed a 3rd Deed of Variation with St Ives Gold Mining Co. Pty Ltd that allowed for the Company to crystallize its initial 51% interest in the Joint Venture by way of invitation to admission to the Australian Securities Exchange (ASX) involving an Initial Public Offering (IPO) of shares in the Company.

The Company has also reached provisional agreement to a subsequent Sale and Purchase Deed with St Ives Gold Mining Co. Pty Ltd to acquire that company's residual 49% interest in the Foster/Jan Project upon the IPO noted above with the consideration payable to St Ives Gold Mining Co. Pty Ltd being the issue of such number of shares as required at that time to provide a 49% ownership interest in the Company immediately prior to the IPO and ASX listing. This agreement remains to be finalized and executed.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)**NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE (Cont.)**

The Company's expectation is that the IPO and listing has the potential to raise between \$15,000,000 and \$20,000,000 subject to supportive prevailing market conditions including the spot nickel price and equity market sentiment, factors outside of the Company's control.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not been financially negative for the Company, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No matters or circumstance have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company in future financial years.

NOTE 16: FINANCIAL INSTRUMENTS**Financial risk management objectives**

The Company's risk management framework is supported by the Board and management. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Company has exposure to the following risks from their use of financial assets:

- Market risk
- Liquidity risk
- Credit risk

Financial risk management objectives

The overall financial risk management strategy focuses on the unpredictability of the equity markets and seeks to minimise the potential adverse effects due to movements in financial liabilities or assets. The Company holds the following financial instruments as at 30 June:

	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents	794,328	2,237,490
Trade and other receivables	23,730	14,978
Loan to a related party	-	100,000
	818,058	2,352,468
Financial liabilities		
Trade and other payables	44,221	30,554
Borrowings	3,734,375	3,834,375
	3,778,596	3,864,429

NOTES TO THE FINANCIAL STATEMENTS (Cont.)**NOTE 16: FINANCIAL INSTRUMENTS (Cont.)****Market risk**

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. There were no changes in the Company's market risk management policies from previous years.

Interest rate risk

The Company's exposure to interest rates primarily relates to the Company's cash and cash equivalents. The Company manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates. No disclosures on the sensitivity check as any reasonable movement of the interest rate would not have any significant impact to the financial statement.

	2020	2019
	\$	\$
Variable rate instruments		
Cash at bank	92,913	70,864
Fixed rate instruments`		
Bank term deposits	701,415	2,166,626
	<u>794,328</u>	<u>2,237,490</u>

Other market price risk

The Company operates within Australia and all transactions during the financial year are denominated in Australian dollars. The Company is not exposed to foreign currency risk at the end of the reporting period.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Liquidity Risk

Liquidity risk arises from the debts (financial liabilities being creditors and other payables) of the Company and the Company's subsequent ability to meet these obligations to repay its debts (financial liabilities) as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the administration of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves and monitoring actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and debts (liabilities). There were no changes in the Company's liquidity risk management policies from previous years.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)**NOTE 16: FINANCIAL INSTRUMENTS (Cont.)****Liquidity Risk (Cont.)**

The following tables detail the Company's contractual maturity for its financial liabilities:

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	>5 years
30 June 2020					
Trade and other payables	44,221	44,221	44,221	-	-
Borrowings	3,734,375	3,734,375	3,734,375	-	-
Total	3,778,596	3,778,596	3,778,596	-	-
30 June 2019					
Trade and other payables	30,054	30,054	24,554	5,500	-
Borrowings	3,834,375	3,834,375	3,834,375	-	-
Total	3,864,429	3,864,429	3,858,929	5,500	-

NOTE 17: RELATED PARTY TRANSACTIONS

The key management personnel for the Company for the years ended 30 June 2019 and 30 June 2020 are:
 Edmund Ainscough – Managing Director
 John Jiuyu Wang – General Manager, Business Development
 Aaron Charles Wehrle – Exploration and Geology Manager

	2020 \$	2019 \$
Key management personnel compensation		
Short-term employee benefits	570,000	506,824
Post-term employee benefits	54,150	48,148
	624,150	554,972
Provision of management services, IT services and car bay		
ACH Global Pty Ltd	-	10,057
ACH Minerals Pty Ltd	54,335	35,368
	54,335	45,425

ACH Global Pty Ltd and ACH Minerals Pty Ltd are companies with common directors. Management fees paid to ACH Global Pty Ltd for the year ended 30 June 2019 include Edmund Ainscough's fee of \$917 and car park rental for Edmund Ainscough of \$998.

Fees paid to ACH Minerals Pty Ltd for the year ended 30 June 2020 include car park rental for Edmund Ainscough of \$2,977 (2019: \$2,250).

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 17: RELATED PARTY TRANSACTIONS (CONTD.)

Loans to/from related parties

Loans from related parties at the current and previous reporting date are disclosed in Note 10 Borrowings.

NOTE 18: COMMITMENTS EXPLORATION

Under the Option and Joint Venture Agreement with St Ives Gold Mining Pty Ltd, the Company is required to spend \$10 million by November 2022 to earn a 51% in the tenements and assets the subject of the Joint Venture. After the reporting date, the Company signed a 3rd Deed of Variation to allow listing of the Company on the ASX, subject to also meeting a minimum qualifying expenditure (as defined in the JV Agreement) of \$6,000,000, to crystallize a 51% earn in interest.

DIRECTORS DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2020 and 30 June 2019 and of its performance for the financial years ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors:

A handwritten signature in dark ink, appearing to read 'E. Ainscough', with a large, sweeping flourish extending to the right.

Edmund Ainscough
Managing Director

Dated this day in Perth: 22 December 2020

INDEPENDENT AUDITOR'S REPORT

To the members of ACH Nickel Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ACH Nickel Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2019 and 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the years ended at that dates, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and 30 June 2020 and of its financial performance for the years ended on that dates; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO
J Prue

Jarrad Prue

Director

Perth, 22 December 2020