

Mozmin Resources Pty Ltd

ABN 50 165 833 358

Interim financial report for the half-year
31 December 2020

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Directors' report

The directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Mozmin Resources Pty Ltd (the "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The names of the Company's directors in office during the whole of the half-year and up to the date of this report:

Mr Christopher Adam SCHOFIELD

Mr Glenn Anthony SIMPSON

Mr Gregory Norman JONES

Mr Maurice Dominic MATICH

(Appointed 21 December 2020)

Review of operations

The Board has entered into agreements with non-related parties to acquire a project in Mozambique for the potential development of natural resources production assets. The Company considers the project to be highly speculative in nature but have the potential to provide significant uplift in shareholder value based on currently available information.

Operating Results

For the half-year ended 31 December 2020, net loss after tax amounted to \$152,459 (year ended 30 June 2020: net loss after tax \$389,108).

Financial position

The net liabilities of the Group are \$689,673 (30 June 2020: \$564,057).

Dividends

There were no dividends declared or paid during the half-year.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

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



Mr Maurice Dominic Matich
Director
Perth, Western Australia

21 May 2021

Criterion Audit Pty Ltd

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To The Board of Directors

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

As lead audit director for the review of the financial statements of Mozmin Resources Pty Ltd for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 21st day of May 2021

Consolidated interim statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2020

	6 months ended 31 December 2020	Year ended 2020
	\$	\$
Revenue		
Other income	-	-
Expenses		
Accounting and audit fees	(7,283)	(7,830)
Compliance fees	(2,156)	(3,816)
Consultancy fees	(79,856)	(57,753)
Directors' fees	(18,459)	(35,585)
Exploration expenditure	(3,187)	(230,988)
IT expenses	(1,366)	(3,825)
Other expenses	1,388	(7,754)
Travel and accommodation expenses	-	(684)
Finance income	-	56
Finance costs	(41,540)	(40,929)
Loss before income tax	(152,459)	(389,108)
Income tax expense	-	-
Loss for the period	(152,459)	(389,108)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	26,843	14,471
Total comprehensive loss for the period	(125,616)	(374,637)
Total comprehensive loss for the period is attributable to:		
Owners of the Company	(132,504)	(373,882)
Non-controlling interest	6,888	(755)
	(125,616)	(374,637)

The above consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated interim statement of financial position

As at 31 December 2020

	Notes	31 December 2020	30 June 2020
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		6,264	2,301
Prepayments		4,739	-
Other receivables		519	50
Total current assets		11,522	2,351
Non-current assets			
Exploration assets		54,712	54,712
Total non-current assets		54,712	54,712
Total assets		66,234	57,063
LIABILITIES			
Current liabilities			
Trade and other payables		211,493	108,335
Borrowings	3	544,414	512,785
Total current liabilities		755,907	621,120
Total liabilities		755,907	621,120
Net liabilities		(689,673)	(564,057)
EQUITY			
Contributed equity	4	919,270	919,270
Foreign currency translation reserve		22,778	2,815
Accumulated losses		(1,596,884)	(1,444,417)
Total equity attributable to Owners of the Company		(654,836)	(522,332)
Non-controlling interest		(34,837)	(41,725)
Total equity		(689,673)	(564,057)

The above consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

Consolidated interim statement of changes in equity

For the half-year ended 31 December 2020

	Contributed equity (Note 4)	Foreign currency translation reserve	Accumulated losses	Total equity attributable to Owners of the Company	Non- controlling interest	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	919,270	2,815	(1,444,417)	(522,332)	(41,725)	(564,057)
Foreign currency translation differences	-	19,963		19,963	6,880	26,843
Loss for the half-year	-	-	(152,467)	(152,467)	8	(152,459)
Total comprehensive loss for the half-year	-	19,963	(152,467)	(132,504)	6,888	(125,616)
Balance at 31 December 2020	919,270	22,778	(1,596,884)	(654,836)	(34,837)	(689,673)
Balance at 1 July 2019	919,270	(7,235)	(1,060,485)	(148,450)	(40,970)	(189,420)
Foreign currency translation differences	-	10,050		10,050	4,421	14,471
Loss for the year	-	-	(383,932)	(383,932)	(5,176)	(389,108)
Total comprehensive loss for the year	-	10,050	(383,932)	(373,882)	(755)	(374,637)
Balance at 30 June 2020	919,270	2,815	(1,444,417)	(522,332)	(41,725)	(564,057)

The above consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated interim statement of cash flows

For the half-year ended 31 December 2020

	6 months ended 31 December 2020	Year ended 2020
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(9,574)	(33,432)
Payments for exploration and evaluation expenditure	(3,187)	(230,988)
Net cash outflow from operating activities	(12,761)	(264,420)
Cash flows from investing activities		
Payments for exploration assets	-	(2,212)
Net cash outflow from investing activities	-	(2,212)
Cash flows from financing activities		
Proceeds from borrowings	17,000	131,750
Net cash inflow from financing activities	17,000	131,750
Net increase/(decrease) in cash and cash equivalents	4,239	(134,882)
Net foreign exchange difference	(276)	764
Cash and cash equivalents at the beginning of the period	2,301	136,419
Cash and cash equivalents at end of period	6,264	2,301

The above consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the interim financial statements

For the half-year ended 31 December 2020

1 Corporate information

These interim financial statements are consolidated interim financial statements for the Group consisting of Mozmin Resources Pty Ltd (the "Company") and its subsidiaries (the "Group").

Mozmin Resources Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office is at Level 11, 216 St Georges Terrace, Perth, WA, 6000. Its principal place of business is located at Unit 307, 30 The Circus, Burswood, WA, 6100.

The consolidated interim financial statements were authorised for issue in accordance with a resolution of the directors on 21 May 2021.

2 Summary of accounting policies

2.1 Basis of preparation of the consolidated interim financial report

This consolidated interim financial report for the half-year ended 31 December 2020 are condensed general purpose financial statements prepared in accordance with AASB134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all notes of the type normally included within the annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2020.

The accounting policies adopted are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 June 2020.

The financial report is presented in Australian dollars.

The amounts contained in the financial statements have been rounded to the nearest dollars under ASIC Corporations (Rounding in Financial Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

2.2 New and amended standards and interpretations

In the half-year ended 31 December 2020, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for current interim reporting.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company's accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2020. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company's accounting policies.

2.3 Going concern basis

The interim financial statements of the Group have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the half-year ended 31 December 2020, the Group incurred a loss of \$152,459 (year ended 30 June 2020: loss \$389,108) and as of that date the Group had net operating cash outflows of \$12,761 (year ended 30 June 2020: \$264,420). The net working capital deficit position of the Group as at 31 December 2020 was \$744,385 (30 June 2020: \$618,769). The ability of the Group to continue to pay its debts as and when they fall due is principally dependent upon the Group successfully raising additional share capital and the continued support from its lenders and directors. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern. The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

Notes to the interim financial statements (continued)

For the half-year ended 31 December 2020

3 Borrowings

	31 December 2020 \$	30 June 2020 \$
<i>Unsecured</i>		
Loans from directors of the Company (a)	206,088	181,953
Other loan (a)	338,326	330,832
	544,414	512,785

- (a) These borrowings are interest-bearing cash advances to fund the Company's working capital requirements. They are unsecured and repayable on demand.

4 Contributed equity

Movements in ordinary share capital

	No. of shares	\$
At 30 June 2020	65,000,000	919,270
At 31 December 2020	65,000,000	919,270

5 Operating segments

The Group has determined operating segments based on information provided to the directors. The Group operates predominantly in one business segment being the exploration for minerals two geographic segment being Australia and Mozambique.

The Group does not have any customers at this stage. Internal management reports for the Board of Directors' review are consistent with the information provided in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

6 Commitments and contingent liabilities

	31 December 2020 \$	30 June 2020 \$
These exploration commitments are not provided for in the financial statements and are payable:		
Within one year	129,061	129,061
Later than one year but not later than five years	331,531	387,305
More than five years	247,134	253,813
	707,726	770,179

The Group had no contingent liabilities at 31 December 2020 (30 June 2020: \$nil).

Notes to the interim financial statements (continued)

For the half-year ended 31 December 2020

7 Related party transactions

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 December 2020 \$	30 June 2020 \$
Borrowings		
Directors of the Company:		
- Adam Schofield	14,347	6,972
- Glenn Simpson	191,741	174,981

8 Event after the reporting period

There were no matters or circumstances that have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of these operations or the state of affairs of the Group in subsequent financial years, other than:

On 22 March 2021, the Company and Peter Romeo Gianni agreed to amend certain terms and conditions of a binding terms sheet dated 30 March 2020 for the acquisition of five exploration licences based in Australia. The purchase consideration of these licences including additional 1,932,692 ordinary shares at a deemed issue price of \$0.20 per share, 1,000,000 unquoted options exercisable at \$0.25 each and expiring three years and \$50,000 cash payment to complete the acquisition.

Directors' declaration

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 9 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards as detailed in Note 2 and the *Corporations Regulations 2001*, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and
- (b) there are reasonable grounds to believe that the Group 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 Directors.



Mr Maurice Dominic Matich
Director
Perth, Western Australia

21 May 2021

Criterion Audit Pty Ltd

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Independent Auditor's Review Report

To the Members of Mozmin Resources Pty Ltd

Conclusion

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

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* as described in Note 2 and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion above, we draw attention to Note 2.3 to the half-year report, which indicates that the Consolidated Entity incurred a net loss of \$152,459 and as of that date, the Consolidated Entity had net operating cash outflows of \$12,761. These conditions, along with other matters as set forth in Note 2.3, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year report.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant

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

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the half-year report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Company's financial reporting responsibilities under the *Corporations Act 2001*. As a result, the half-year financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Half-Year Financial Report

The Directors are responsible for the preparation of the half-year financial report that gives us a true and fair view in accordance with Australian Accounting Standards as described in Note 2 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view is free from material misstatement, whether due to fraud or error.

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

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

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



CRITERION AUDIT PTY LTD



CHRIS WATTS CA
Director

DATED at PERTH this 21st day of May 2021