

Equinox Resources Limited
ACN 650 503 325

EQUINOX RESOURCES LIMITED

ACN 650 503 325

FINANCIAL REPORT

For the period from 26 May 2021 to 30 June 2021

CORPORATE INFORMATION

DIRECTORS

Mr Daniel Taylor
Executive Director

Mr Hugh Callaghan
Non-Executive Director

Mr Mena Habib
Non-Executive Director

COMPANY SECRETARY

Mr Harry Spindler

SOLICITORS

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AUDITORS

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DIRECTORS' REPORT

The Directors present their report on the Equinox Resources Limited ("Company") with the annual financial report for the financial period 26 May 2021 (date of incorporation) to 30 June 2021.

Whilst the Company has only recently been incorporated, the purpose of this report is to align the Company's periodic reporting requirements to those common of publicly listed companies.

All amounts are presented to Australian Dollars (AU\$), unless noted otherwise.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names, qualifications and experience of Directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Daniel Taylor – Executive Director *(appointed 26 May 2021)*

Daniel is a proven senior international commodities sales and marketing executive with 20 years' experience across iron ore, industrial minerals, ocean freight and logistics. He has an extensive senior global network and has built relationships to secure offtake and joint ventures to underpin project financing and equity markets funding for large private and publicly listed groups. He has held senior executive positions with Roy Hill, Anglo American, Atlas Iron and Rio Tinto.

Mr Hugh Callaghan – Non - Executive Director *(appointed 26 May 2021)*

Hugh Callaghan was the founding director of Riversdale Mining Limited (formerly ASX: RIV) which sold to Rio Tinto for \$3.9 billion. Mr Callaghan has a significant base of global resources experience with Rio Tinto and Xstrata that included roles in the USA, Canada, Chile, Brazil, and Australia. Subsequent to the sale of Riversdale Mining to Rio Tinto, he has invested and developed copper projects in Chile, and potash projects in West Africa and the USA, and consulted to coal companies in the UK, USA, Canada, Australia, Zimbabwe and Columbia. Mr Callaghan has significant ASX experience including being a Director of Acacia Coal Limited (March 2017 to December 2017), GSF Corporation (February 2009 to June 2009), Tamaya Resources Limited (May 2006 to October 2008) and Riversdale Mining Limited (April 2004 to August 2006).

Mr Mena Habib – Non-Executive Director *(appointed 26 May 2021)*

Mena Habib has extensive experience focused in sales, marketing and management. He has worked in global companies excelling in sales, being a recipient of the National Sales Champion award on two separate occasions. Mena is also an entrepreneur, having recently sold a business which he personally founded into a national franchise. He has completed a diploma in Financial Planning, has a strong network of investors in the mining sector and has played vital roles in raising capital on numerous occasions.

Interests in the Shares and Options of the Company

None of the Directors hold any securities in the Company as at 30 June 2021.

DIRECTORS' REPORT (Cont'd)

Dividends Paid or Recommended

No dividend was paid or declared for the financial year.

Principal Activities

The Company's main focus is mineral exploration, appraising and development of Australian mineral projects.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the financial period, other than as set out in this report.

Review of Operations & Financial Results

The Company has only recently been incorporated on 26 May 2021 with the intention of negotiating the acquisition of the Hamersley Iron Ore Project located approximately 50 km north-east of Tom Price in the Pilbara region of Western Australia.

During the financial period since its incorporation to 30 June 2021, the Company's operations have been limited to negotiations with Pathfinder Resources Ltd (ASX: PF1) and Lockett Fe Pty Ltd (a subsidiary of Cazaly Resources Ltd (ASX:CAZ)) regarding the acquisition of the Hamersley Iron Ore Project. Strong board of directors and management team is already in place for preparation and making of submissions to the Australian Securities Exchange ("ASX") regarding the Company's proposed initial public offering and listing on the Official List of the ASX. As noted below, these operations resulted in the Company entering into the Hamersley Iron Ore Project Acquisition Agreements on 9 July 2021.

Due to its limited operating history, the Company has not made a loss or profit for the period ended 30 June 2020 and as at 30 June 2021, held cash and cash equivalents of \$1.

Further information in respect of the Hamersley Iron Ore Project is set out below.

Directors' Meetings

During the financial period, the directors held 1 meeting. All directors were present at this meeting. No sub-committee meeting were held during the financial period.

Significant Events After Balance Date

Subsequent to period end the following key events have occurred:

The Company on 9 July 2021 entered into binding heads of agreement with Pathfinder Resources Limited (ACN 085 905 997) (ASX: PF1) ("Pathfinder") and Lockett Fe Pty Ltd a wholly owned subsidiary of Cazaly Resources Limited (ACN 101 049 334) (ASX: CAZ) ("Cazaly") (together the "Vendor") to purchase a 100% interest in Mining Licence M47-1450 comprising the Hamersley Iron Ore Project ("Tenement"). Following completion of the Offers and the Acquisition, the Company's proposed business model will be to further explore and develop this project.

It is intended that Equinox will undertake an initial public offer ("IPO") and seek a listing on the official list of the Australian Securities Exchange ("ASX").

The sale of the Project by Pathfinder to the Company is conditional upon shareholder approval in accordance with ASX Listing Rule 11.4.1(b), amongst other things.

A summary of the material terms and conditions of the binding heads of agreement is set out below.

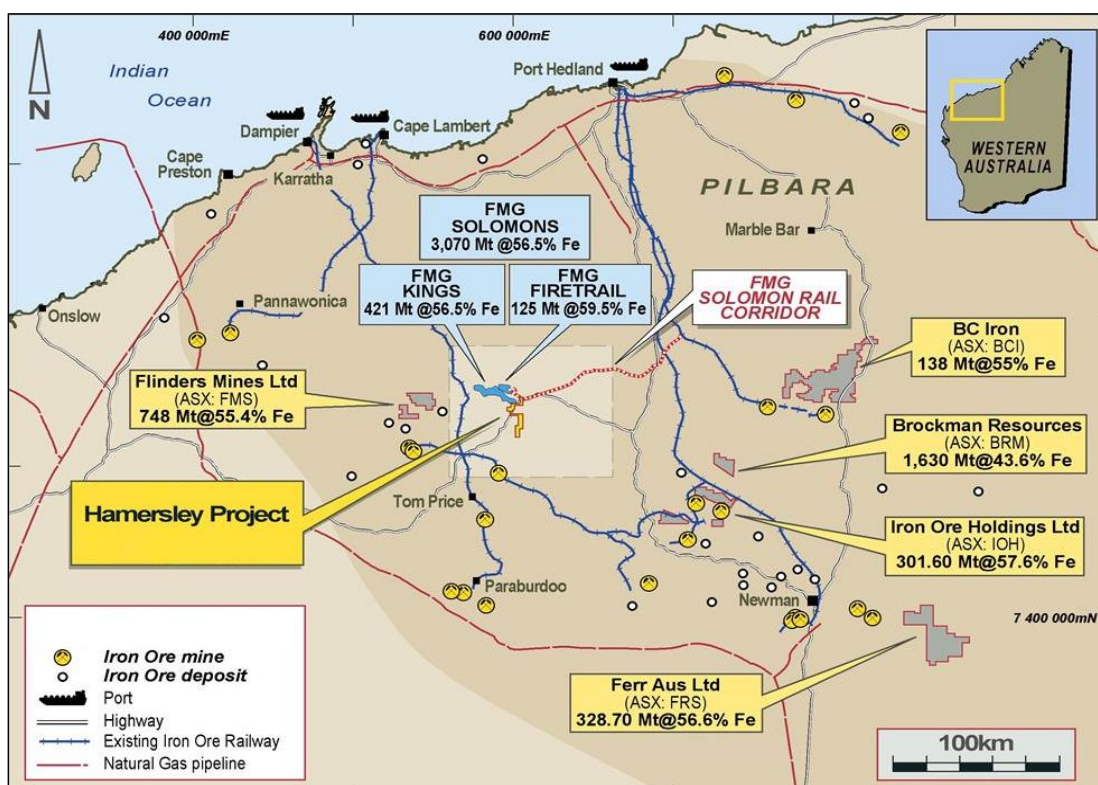
DIRECTORS' REPORT (Cont'd)

The Hamersley Iron Ore Project

The Hamersley Iron Ore Project is situated in the central portion of the Hamersley Province. The Hamersley Province contains late Archaean – Lower Proterozoic age sediments of the Mount Bruce Supergroup, which lies between the Archaean granitoid basement complexes of the Yilgarn and Pilbara cratons. The Mount Bruce Supergroup has three constituent groups – the Fortescue, Hamersley and Turee Creek Groups. There are two iron mineralisation zones of interest at the Hamersley Iron Ore Project Deposit: near-surface detrital iron mineralisation (DID) and deeper channel iron mineralisation (CID).

The location map in Figure 1 below shows the location of the Hamersley Iron Ore Project in relation to the main Pilbara towns and Iron Ore operations.

Figure 1 – Location Map



The Hamersley Iron Ore Project contains a JORC inferred and indicated Resource of 343.2 Mt @ 54.5% Fe, 10.9% SiO₂, 4.6% Al₂O₃, 5.7% LOI and 57.9% CaFe. Further details of the JORC Resource are set out in the ASX announcement entitled "Hamersley Iron Ore Project Mineral Resource JORC Code 2012" released on 23 February 2021.

Figure 1: JORC Code (2012) Mineral Resource Estimate for the Hamersley Iron Ore Project

INDICATED MINERAL RESOURCE (JORC 2012)							
Mineralisation Type	Tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI	CaFe ¹
	Mt	%	%	%	%	%	%
Channel (CID)	42.6	55.2	10.9	5.5	0.0	3.6	57.3
Total	42.6	55.2	10.9	5.5	0.0	3.6	57.3

DIRECTORS' REPORT (Cont'd)

INFERRED MINERAL RESOURCE (JORC 2012)							
Mineralisation Type	Tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI	CaFe ¹
	Mt	%	%	%	%	%	%
Detrital (DID)	24.3	46.4	24.8	5.2	0.0	2.5	47.6
Channel (CID)	276.3	55.2	9.7	4.4	0.0	6.3	58.9
Total	300.6	54.5	10.9	4.4	0.0	6.0	58.0

TOTAL MINERAL RESOURCE (JORC 2012)							
Mineralisation Type	Tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI	CaFe ¹
	Mt	%	%	%	%	%	%
Detrital (DID)	24.3	46.4	24.8	5.2	0.0	2.5	47.6
Channel (CID)	318.9	55.2	9.8	4.5	0.0	5.9	58.7
Total	343.2	54.5	10.9	4.6	0.0	5.7	57.9

Notes: 1: Calcined Fe (CaFe) calculated by the formula $CaFe \% = [(Fe\%)/100 - LOI / 1000] * 100$
2: Channel Iron Deposit mineralisation reported at a 52% Fe cut-off grade.
3: Detrital Iron Deposit Mineralisation reported at a 40% Fe cut-off grade.

In conjunction with the sale of the Hamersley Iron Ore Project, Pathfinder has agreed to advance Equinox an amount of up to \$320,000 by way of an interest free loan to be used by Equinox to pay the expenses in respect of the Equinox IPO, to be repaid out of the proceeds of the Equinox IPO.

Summary material terms and conditions

A summary of the material terms and conditions of the Binding Heads of Agreement is set out below:

Consideration	<p>In consideration for the acquisition of the Project (Acquisition), Equinox has agreed to:</p> <ul style="list-style-type: none"> issue an aggregate of 50,000,000 fully paid ordinary shares (Equinox Shares) to the Vendors at a deemed issue price of \$0.20 per Share (Consideration Shares); issue between 8,500,000 performance shares and 9,500,000 performance shares in aggregate to the Vendors, which will be issued on a pro rata basis based on the level of subscription under the Public Offer (Performance Shares). Each Performance Shares will, at the election of the holder, convert into one Equinox Share, subject to Equinox announcing to the ASX a positive preliminary Feasibility Study in relation to the Hamersley Iron Ore Project, confirming the Hamersley Iron Ore Project is commercially viable pay Pathfinder a fixed royalty of USD\$0.70 per metric tonne of iron ore which is extracted and sold or otherwise disposed of from the area within the boundaries of the Project (as those exist at the date of the Binding Heads of Agreement); and pay Lockett a fixed royalty of USD\$0.30 per metric tonne of iron ore which is extracted and sold or otherwise disposed of from the area within the boundaries of the Project (as those exist at the date of the Binding Heads of Agreement). <p>The Consideration Shares and the Performance Shares will be issued to the Vendors (or their nominees) in accordance with their joint venture interests, with Pathfinder entitled to receive 35,000,000 Equinox Shares and between 5,950,000 Performance Shares (at Minimum Subscription) and 6,650,000 Performance Shares (at Maximum Subscription).</p>
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DIRECTORS' REPORT (Cont'd)

<p>Conditions Precedent</p>	<p>Completion of the Acquisition is conditional upon the satisfaction (or waiver by Equinox) of the following conditions precedent:</p> <ul style="list-style-type: none"> • Due diligence: completion of financial, legal and technical due diligence by the Equinox on the Project, to the absolute satisfaction of Equinox; • Capital raising: Equinox undertaking an initial public offer and receiving valid applications for at least AUD\$7,000,000 worth of Equinox Shares under its initial public offer; • ASX conditional approval: conditional approval being obtained from the ASX to admit the securities of Equinox to trading on the official list of the ASX (after Equinox complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being to the reasonable satisfaction of Equinox and the Vendors; • Shareholder approval: the shareholders of Pathfinder approving the transactions contemplated by the Binding Heads of Agreement for the purposes of ASX Listing Rule 11.4 in a general meeting; • Regulatory approvals: the parties obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law to allow the parties to lawfully complete the matters set out in the Binding Heads of Agreement; and • Third party approvals and consents: the parties obtaining all third party approvals and consents, including the consent of the Minister responsible for the Mining Act 1978 (WA) (if required), necessary to lawfully complete the matters set out in the Binding Heads of Agreement, <p>(together, the Conditions Precedent).</p> <p>If the Conditions Precedent are not satisfied (or waived by the party or parties with the benefit of the Condition Precedent) on or before 5:00pm (Perth time) on 31 December 2021 (or such later date as the parties may agree) (End Date), then any party may terminate the Binding Heads of Agreement by notice in writing.</p>
<p>Other Terms</p>	<p>The Binding Heads of Agreement otherwise contains customary terms and conditions, including representations and warranties and confidentiality clauses.</p>

Share Options

No options over issued shares or interests in the Company were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

Likely Future Developments

The Company's strategy is to increase shareholder value by completing the acquisition of the Hamersley Iron Ore Project and ASX Listing and maximising the value of its exploration assets.

Subject to completing the Hamersley Iron Ore Project and listing on the ASX, the Company intends to undertake appropriate exploration and evaluation activities sufficient to maintain tenure of its exploration licences, as well as, determine the technical prospectivity of the projects.

Indemnifying Officers

During the financial period, the Company's has not paid a premium in respect of a contract insuring the Directors of the Company (as named above) and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director or executive officer to the extent permitted by the Corporations Act 2001.

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

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.

DIRECTORS' REPORT (Cont'd)

Auditor Independence and Non-audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out in the part of this Directors' Report for the period ended 30 June 2021.

Non-audit Services

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

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



Executive Director

Dated: 6 August 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 26 MAY 2021 to 30 JUNE 2021

	2021 \$
Income	-
Total Income	-
Expenses	-
Total expenses	-
Comprehensive Profit/(Loss) for the period	-

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$
Current Assets		
Cash on hand	1	1
Total Current Assets		<u>1</u>
Total Assets		<u>-</u>
Total Liabilities		<u>-</u>
Net Assets		<u>-</u>
Equity		
Issued capital	2	1
Total Equity		<u>1</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 26 MAY 2021 to 30 JUNE 2021

	Note	Issued Capital	Reserves	Accumulated profits / (losses)	Total
Opening balance		-	-	-	-
Issue of shares at incorporation	2	1	-	-	1
Balance at 30 June 2021		1	-	-	1

STATEMENT OF CASH FLOWS
FOR THE PERIOD 26 MAY 2021 to 30 JUNE 2021

	2021 \$
Net cash (used in) operating activities	-
Net cash (used in) investing activities	-
Cash Flows from Financing Activities	
Proceeds from issue of shares	1
Net cash provided by financing activities	1
Net increase in cash and cash equivalents	1
Cash and cash equivalents at the beginning of the financial period	-
Foreign exchange	-
Cash and cash equivalents at the end of the financial period	1

NOTES TO THE FINANCIAL STATEMENT

Note 1: Summary of Significant Accounting Policies

The financial report covers the consolidated entity of Equinox Resources Ltd ("Equinox" or the "Company") and controlled entities (the "Group"). Equinox is an unlisted public company, incorporated and domiciled in Australia. The company is a for-profit entity for the purpose of preparing financial statements. The financial report was authorised for issue by a resolution of the Board of Directors on 6 August 2021.

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

This is the Company's first annual financial report and is prepared for the period of 26 May 2021 (date of incorporation) to 30 June 2021.

Going Concern Basis of Preparation

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Whilst acknowledging the inherent uncertainties of progressing to profitable mining operations and managing working capital requirements, the Directors consider this to be appropriate.

For the period ended 30 June 2020 the Group did not recorded a loss or profit and had net cash assets of \$1.

In conjunction with the sale of the Hamersley Iron Ore Project, Pathfinder has agreed to advance Equinox an amount of up to \$320,000 by way of an interest free loan to be used by Equinox to pay the expenses in respect of the Equinox IPO, to be repaid out of the proceeds of the Equinox IPO.

The Directors are mindful of the Company's working capital requirements and cognisant of its developed capital management program that will provide funding to maximize the potential of its current asset and provide a strong base for increasing shareholder value. Based on forecasts, the completion of the Hamersley Iron Ore Project and Equinox IPO capital raising of between \$7 million and \$9 million and listing on the ASX, the directors consider the basis of going concern to be appropriate. The ability of Equinox to continue as a going concern is also dependent upon the successful exploitation of its mineral tenements and progression of its exploration activities into a successful production stage.

Should the entity 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 and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The reporting currency is Australian Dollars.

The accounting policies that have been adopted in the preparation of the statements are as follows:

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(b) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(c) Comparative Figures

As this is the Company's first financial report, there are no comparative figures presented.

Note 2: Issued Capital

	2021 \$
1 fully paid ordinary share	1

Ordinary shares have no par value and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Note 3: Income Tax Expense

Reconciliation of income tax expense to prima facie tax payable

	2021 \$
The components of income tax expense comprise:	
Current tax	-
Deferred tax	-
Under / (over) provisions in respect of prior years	-
	-

Note 4: Related Party Transactions

Directors and key management personnel

Key management of the Company are the Board of Directors. No payments have been made to key management of the Company during the financial period ended 30 June 2021.

Note 5: Contingent Liabilities

There were no contingent liabilities or contingent assets at 30 June 2021.

Note 6: Subsequent Events

Subsequent to period end the following key events have occurred:

The Company on 9 July 2021 entered into binding heads of agreement with Pathfinder Resources Limited (ACN 085 905 997) (ASX: PF1) ("Pathfinder") and Lockett Fe Pty Ltd a wholly owned subsidiary of Cazaly Resources Limited (ACN 101 049 334) (ASX: CAZ) ("Cazaly") (together the "Vendor") to purchase a 100% interest in Mining Licence M47-1450 comprising the Hamersley Iron Ore Project ("Tenement"). Following completion of the Offers and the Acquisition, the Company's proposed business model will be to further explore and develop this project.

It is intended that Equinox will undertake an initial public offer ("IPO") and seek a listing on the official list of the Australian Securities Exchange ("ASX").

The sale of the Project by Pathfinder to the Company is conditional upon shareholder approval in accordance with ASX Listing Rule 11.4.1(b), amongst other things.

Please refer to page 2 of the Directors' Report for further information on this subsequent event.

DIRECTOR'S DECLARATION

In the Director's opinion:

1. The financial statements and notes set out on pages 7 to 13 are in accordance with the Corporations Act 2001, including:
 - a) complying with Australian Accounting Standards, Corporations Regulations 2001 and Australian Accounting Interpretations;
 - b) giving a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the period ended on that date; and
2. 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 director.



Executive Director

Dated: 6 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Equinox Resources Limited for the period from incorporation to 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
6 August 2021

N G Neill
Partner

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INDEPENDENT AUDITOR'S REPORT

To the members of Equinox Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Equinox Resources Limited ("the Company") which comprises the statement of financial position for the period from registration to 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the period then ended; and
- b) 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("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 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 indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's financial report for the period from registration to 30 June 2021, 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.

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If, based on the work we have performed, 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 ability of the Company 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 have 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
6 August 2021



N G Neill
Partner