Desert Metals Limited

A.C.N. 617 947 172

Financial Statements
For the Year ended 30 June 2020

Contents

Directors' report

Your directors present their report on Desert Metals Limited (**Desert Metals** or **the Company**) for the year ended 30 June 2020.

Desert Metals was incorporated with the intention of listing on the Australian Securities Exchange (**ASX**).

Directors

The names of Directors in office at any time during or since the end of the period are:

- Antony William Worth — Director
- Robert Angus Castle Stuart — Director
- Brian Bernard Rodan — Director (Resigned 6 April 2020)
- Mark Robert Stewart — Director (appointed 15 April 2020)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 6 Information relating to the directors of this Directors Report.

Company secretary

The following person held the position of Company Secretary at the end of the period:

- Paul Heatley
  Qualifications : BBus, CPA
  Experience : Mr Heatley is an accountant and member of CPA Australia with 20 years experience in providing business advisory, taxation and company secretarial services.

Dividend paid or recommended

There were no dividends paid or recommended during the year ended 30 June 2020.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year ended 30 June 2020 other than disclosed elsewhere in this Annual Report.

Operating and financial review

Nature of Operations and Principal Activities

The Company was incorporated as an unlisted public company limited by shares on 29 March 2017, for the purpose of exploring for, discovering and then proceeding to develop mineral deposits.

Operations Review

Desert Metals did not apply for any new licenses during the period. The company has a total of 9 licenses 1,674 km2, with 6 of them granted and 3 under application. Interpretation of geophysical data led to enquiries as to whether the company might have already sufficient assets to proceed to a public listing either via IPO or RTO or some other means. Discussions were held with many parties and preparation for this took up much of the year but no particular structure could be agreed upon. In April the capital structure of the company was re-arranged, there are now 4 shareholders each with 25% of the share capital. Brian Rodan resigned as a Director in April and Mark Stewart was appointed.

Heritage objections over several of the most prospective licenses were dismissed by the Native Title Tribunal (NTT) and the licenses were granted. At the end of the period there are 3 licenses still under application awaiting the NTT decision. A Heritage agreement has been agreed for the Irrida Hill license and this is being used as a template for the other licenses.

COVID 19 has interrupted field planning and fund raising in the latter part of the year but at the end of the year a field trip was imminent and the fund-raising situation was looking more promising.

Directors' report

Financial Review

Operating Results
For the year ended 30 June 2020 the Company reported a loss before tax of $77,763.

Financial Position
The net assets of the Company have increased from $111,505 at 30 June 2019 to $283,742 at 30 June 2020. As at 30 June 2020, the Company's cash and cash equivalents increased to $296,957 and had working capital of $283,742.

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the period of $77,763 and a net operating cash out-flow of $67,064.

The directors are satisfied that the going concern basis of preparation is appropriate as the directors are confident of the Company's ability to raise additional funds as and when they are required.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Events Subsequent to Reporting Date
There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 9 Events subsequent to reporting date

Future Developments, Prospects and Business Strategies
Likely developments, future prospects and business strategies of the operations of the Company and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

Environmental Regulations
The Company's operations are not currently subject to any other significant environmental regulations in the jurisdictions it operates in, namely Australia.

Information relating to the directors

- **Antony Worth** — Director
  Qualifications — BSc (Hons)
  Experience — Mr Worth is a geologist and business development consultant with 25 years experience. He has worked in Australia, Africa, North America and South America on a wide range of commodities and deposit styles. Mr Worth has a broad range of experience across all aspect of the minerals exploration industry, from target generation, exploration management, field programs implementation, through to commodity market analysis, joint venture negotiations and acquisitions. Mr Worth is a past director of Alamar Resources.

Directors' report

- **Robert Stuart** ☐ Director

  Qualifications ☐ BSc (Hons), PhD

  Experience ☐ Dr Stuart, a geoscientist and Program Manager, has worked in mineral exploration for the last 25 years. He has successfully explored for precious and base metals and bulk commodities in Australia, North America, Africa and Asia. He has worked with junior explorers and major mining companies including Rio Tinto, Anglo American, Normandy Mining and Norilsk Nickel. Mr Stuart spent 5 years as exploration manager at BHP Billiton where he managed regional exploration for Russia and Central Asia exploring for copper, nickel and metallurgical coal. Prior to that he was near mine exploration manager for BHP in Western Australia. Dr Stuart is currently a director of Fathom Geophysics, an industry leading geophysical consultancy.

- **Brian Rodan** ☐ Director (Resigned 6 April 2020)

  Qualifications ☐ FAusIMM

  Experience ☐ Mr Rodan has significant operating experience in all facets of underground and surface mining over 41 years in the industry. He was the founding director and major shareholder of Dacian Gold Limited. He was also the founder and sole owner of Australian Contract Mining Pty Ltd (ACM), a mid-tier mining contracting company that was formed in 1997 and commenced operations in 2001. ACM carried out various works on over 50 mining contracts, successfully completing in excess of $1.5B of contract mining work for various mining companies. Maximum annual turnover was $250 million and ACM employed 350 people at its peak. ACM was sold to an ASX listed company in 2017. Prior to forming ACM Mr Rodan spent 15 years (Jan 1981 to June 1996) in a number of senior management positions with Eltin Limited, including 3 years as General Manager (Surface and Underground) and 3 years as Executive Director on the Board responsible for all mining contracts and owner operator gold mining activities. Eltin had a turnover of circa $850m / annum.

- **Mark Stewart** ☐ Director (Appointed 15 April 2020)

  Qualifications ☐ BJourn, LLB, HDip Tax Law, HDip, Co Law

  Experience ☐ Mr Stewart has over 28 years of international legal and commercial experience, particularly in the resources industry, in Africa, Asia, North America and Australia. Mr Stewart worked as an in-house lawyer for Anglo American plc for over ten years, negotiating acquisitions and joint ventures throughout Africa, South East Asia and Australia. He also has broad commercial experience in the junior mining and resources sector in North America, South East Asia and Australia and having worked for junior resource companies listed on the ASX and TSX-V from 2003 to 2010, including Non-Executive Director roles and several years as Managing Director of two ASX listed exploration companies. More recently Mr Stewart was Non- Executive Chairman of Havilah Resources Limited (ASX: HAV) and was instrumental in obtaining a A$100m deal with Sanjeev Gupta's GFG/Simec.

Directors' report

Meetings of directors

During the period five meetings of Directors were held. Attendances by each Director during the year are stated in the following table

	Directors Meetings	
	Number eligible to attend	**Number attended**
Antony Worth	5	5
Robert Stuart	5	5
Brian Rodan	2	2
Mark Stewart	1	1

Indemnifying officers or auditors

Indemnification

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith

Insurance premiums

During the financial year the Company has paid a premium of $Nil in respect of a contract to insure the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001

Options

Unissued shares under option

No options have been issued by the Company.

Shares issued on exercise of options

None.

Proceedings on behalf of the company

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

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

Auditors independence declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2020 has been received and can be found on page 7.

This Report of the Directors is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

ROBERT STUART
Managing Director
Dated this 25th day of September 2020

Bentleys
THINKING AHEAD

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To the Board of Directors

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

As lead audit Partner for the audit of the financial statements of Desert Metals Limited for the financial year ended 30 June 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 25th day of September 2020

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Note	2020 $	2019 $
Continuing operations			
Revenue		-	-
Acquisition costs		15,507	84,690
Compliance costs		1,350	1,370
Depreciation		435	-
Information technology costs		1,044	-
Professional fees		48,185	43,155
Survey Costs		1,250	4,986
Travel Costs		2,374	10,572
Other expenses		7,618	597
(Loss) before tax		(77,763)	(145,370)
Income tax benefit / (expense)	**2**	-	-
Net (loss) for the period		**(77,763)**	**(145,370)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		**(77,763)**	**(145,370)**

The statement of profit or loss and other comprehensive income is to 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	**3a**	296,957	114,021
Receivables	**4**	1,647	581
Total Current Assets		**298,604**	**114,602**
Non-Current Assets			
Property, plant and equipment		-	-
Total Non-Current Assets		-	-
Total Assets		**298,604**	**114,602**
Current Liabilities			
Trade and other payables	**5**	14,862	3,097
Total Current Liabilities		**14,862**	**3,097**
Total Liabilities		**14,862**	**3,097**
Net Assets		**283,742**	**111,505**
Equity			
Issued capital	**6**	515,000	265,000
Accumulated losses		(231,258)	(153,495)
Total Equity		**283,742**	**111,505**

The statement of financial position is to be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2020

	Note	Issued Capital $	Accumulated Losses $	Total $
Balance as at 1 July 2018		**15,000**	**(8,125)**	**6,875**
Loss for the period		-	(145,370)	(145,370)
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		**-**	**(145,370)**	**(145,370)**
Transactions with owners, directly in equity				
Share application funds received	**6**	250,000	-	250,000
Transaction costs		-	-	-
Balance at 30 June 2019		**265,000**	**(153,495)**	**111,505**
Loss for the period		-	(77,763)	(77,763)
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		**-**	**(77,763)**	**(77,763)**
Transactions with owners, directly in equity				
Share application funds received	**6**	250,000	-	250,000
Transaction costs		-	-	-
Balance at 30 June 2020		**515,000**	**(231,258)**	**283,742**

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Cash receipts from other operating activities		4,578	4,464
Payments to suppliers and employees		(71,642)	(149,721)
Net cash used in operating activities	**3b.i**	**(67,064)**	**(145,257)**
Cash flows from financing activities			
Proceeds from issue of shares		250,000	250,000
Net cash provided from financing activities		**250,000**	**250,000**
Net increase in cash held		**182,936**	**104,743**
Cash and cash equivalents at the beginning of the period		114,021	9,278
Cash and cash equivalents at the end of the period	**3**	**296,957**	**114,021**

The statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2020

Note 1 Statement of significant accounting policies

The Directors' have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Directors.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

Desert Metals Limited is a Company limited by shares, incorporated and domiciled in Australia. Desert Metals Limited is a for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

1.1 Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

1.2 Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the period of $77,763 and a net operating cash out-flow of $67,064. As at 30 June 2020, the Company's cash and cash equivalents increased to $296,957 and had working capital of $283,742.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

1.3 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected

1.4 Significant accounting policies

a. Income tax

The income tax expense / (revenue) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Notes to the financial statements

For the year ended 30 June 2020

Note 1 Statement of significant accounting policies

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable form, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

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

c. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instruments. For Financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Notes to the financial statements

For the year ended 30 June 2020

Note 1 Statement of significant accounting policies

Financial instruments are initially measured at fair value plus transaction costs, except where the instruments is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measure at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortization of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliability predicted, the contractual term) of the financial instrument to the net carry amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The Company does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial statements.

i. Financial assets at fair value through profit and loss or through other comprehensive Income

Financial assets are classified at 'fair value through profit or loss' or Fair value through Other comprehensive Income' when they are either held for trading for purposes of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss if electing to choose 'fair value through profit or loss' or other comprehensive income if electing 'Fair Value through other comprehensive income'.

ii. Financial Liabilities

The Company's financial liabilities include trade and other payables, loan and borrowings, provisions for cash bonus and other liabilities which include deferred cash consideration and deferred equity consideration for acquisition of subsidiaries & associates.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Notes to the financial statements

For the year ended 30 June 2020

Note 1 Statement of significant accounting policies

Derecognition

Financial assets are derecognised where the contractual rights to receipts of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset. Financial Liabilities are recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

Trade and other receivables

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Collectability of trade and other receivables are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

Share capital

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Notes to the financial statements

For the year ended 30 June 2020

Note 1 Statement of significant accounting policies

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non- cash assets or liabilities assumed is recognised in profit or loss.

d. Impairment of non-financial 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. 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. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Notes to the financial statements

For the year ended 30 June 2020

Note 1 Statement of significant accounting policies

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

f. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest income is recognised as it accrues in the profit and loss using the effective interest method.

All revenue is stated net of the amount of Goods and Services Tax (GST).

g. New and Amended Standards Adopted by the Company

The Company has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Company had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: Leases

Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: Leases on the Company's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

Leases

The Company as lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (i.e., a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Company as lessor

Upon entering into each contract as a lessor, the Company assesses if the lease is a finance or operating lease.

A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Company's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Company applies AASB 15 to allocate the consideration under the contract to each component.

Initial Application of AASB 16: Leases

The Company has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2018 reporting period have not been restated.

Based on the assessment by the Company, it was determined there was no impact on the Company. As such, the Company has not recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Company is the lessee.

There has been no significant change from prior year treatment for leases where the Company is a lessor.

Lease liabilities are measured at the present value of the remaining lease payments, where applicable. The Company's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets, where applicable for the remaining leases have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

Notes to the financial statements
For the year ended 30 June 2020

Note 2 Income Tax

	2020 $	2019 $
a. Income tax expense / benefit		
Current tax	-	-
Deferred tax	-	-
	-	-
b. Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating loss at 27.5%	(21,385)	(39,976)
Add / (less) tax effect of:		
• Deferred tax asset not brought to account	21,385	39,976
	-	**-**

Note 3 Cash and cash equivalents

a. Reconciliation of cash

	2020 $	2019 $
Cash at bank	296,957	114,021
	296,957	**114,021**

b. Cash Flow information

	2020 $	2019 $
i Reconciliation of cash flow from operations to profit/(loss) after income tax		
Loss after income tax	(77,763)	(145,370)
Non-cash flows in profit	-	-
Changes in assets and liabilities		
• Increase/(decrease) in payables	11,765	694
• (Increase)/decrease in receivables	(1,066)	(581)
Cash flow from operations	**(67,064)**	**(145,257)**

Note 4 Trade and other receivables

	2020 $	2019 $
Current		
Unsecured		
GST receivable	1,647	581
	1,647	**581**

Notes to the financial statements

For the year ended 30 June 2020

Note 5 Trade and other payables

	2020 $	2019 $
Current		
Unsecured		
Trade Payables	12,362	597
Accrued Expenses	2,500	2,500
	14,862	**3,097**

Note 6 Issued capital

Ordinary Shares Issued and Fully Paid	Number of Shares 2020	2020 $	Number of Shares 2019	2019 $
Opening Balance 1 July	18,750,000	265,000	15,000,000	15,000
Shares issued	1,250,000	250,000	3,750,000	250,000
Closing Balance 30 June	**20,000,000**	**515,000**	**18,750,000**	**265,000**

During the year, the company issued 1,250,000 fully paid ordinary shares for $250,000 and cancelled the 11,250,000 partly paid ordinary shares that were issued in 2019.

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

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

At the 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 7 Commitments

The Company has no material commitments as at 30 June 2020.

Note 8 Contingent assets and liabilities

The company has no contingent assets or liabilities as at 30 June 2020.

Note 9 Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 10 Company details

The registered office of the company is

Address:	3 Halifax Rd Maylands WA 6051	Telephone:	0417 772 569

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 described in Note 1 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 20, are in accordance with the *Corporations Act 2001*(Cth) and:

   a. comply with Accounting Standards as described in Note 1 to the financial statements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

   b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the period ended on that date of the Company.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

ROBERT STUART
Managing Director
Dated this 25th day of September 2020

Independent Auditor's Report

To the Members of Desert Metals Limited

Bentleys Audit & Corporate (WA) Pty Ltd
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Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Desert Metals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of Desert Metals Limited is in accordance with the Corporations Act 2001, including:

a. giving a true and fair view of the financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b. complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 1.2 in the financial report, which indicates that the Company incurred a net loss of $77,763 during the year ended 30 June 2020. As stated in Note 1.2, these events or conditions, along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, 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, 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.

Directors' Responsibility 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes 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 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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.

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 based on the accounting policies disclosed in Note 1 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

BENTLEYS	**MARK DELAURENTIS CA**
Chartered Accountants	**Partner**

Dated at Perth this 25th day of September 2020

Desert Metals Limited

A.C.N. 617 947 172

Financial Statements

For the Year ended 30 June 2019

Contents

Directors' report

Your directors present their report on Desert Metals Limited (**Desert Metals** or **the Company**) for the year ended 30 June 2019.

Desert Metals was incorporated with the intention of listing on the Australian Securities Exchange (**ASX**).

Directors

The names of Directors in office at any time during or since the end of the period are:

- Antony William Worth — Director
- Amanda Jane Buckingham — Director (Resigned 19 September 2018)
- Robert Angus Castle Stuart — Director
- Brian Bernard Rodan — Director (Appointed 19 September 2018)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 6 Information relating to the directors of this Directors Report.

Company secretary

The following person held the position of Company Secretary at the end of the period:

- Paul Heatley : (Appointed 19 September 2018)
  Qualifications : BBus, CPA
  Experience : Mr Heatley is an accountant and member of CPA Australia with 20 years experience in providing business advisory, taxation and company secretarial services.

Dividend paid or recommended

There were no dividends paid or recommended during the year ended 30 June 2019.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year ended 30 June 2019 other than disclosed elsewhere in this Annual Report.

Operating and financial review

Nature of Operations and Principal Activities

The Company was incorporated as an unlisted public company limited by shares on 29 March 2017, for the purpose of exploring for, discovering and then proceeding to develop mineral deposits.

Operations Review

During the period Desert Metals applied for an additional 8 exploration licenses 4 of which have been granted. The company has a total of 9 licenses 1,674 km2 either under application or granted. Two reconnaissance field trips were conducted and all license areas visited. Several previously unmapped mafic/ultramafic intrusives were found, some coincident with Nickel anomalism in historic air core drilling, significantly upgrading prospectivity. Reprocessing of geophysical data over the Opal Bore 2 license has revealed several untested strong conductors in ultramafic intrusive rocks. A work program to test this anomaly for the presence of economic Nickel-Copper sulphides has been prepared. Native title objections to 4 of the licenses are attempting to be resolved through negotiation.

Financial Review

Operating Results
For the year ended 30 June 2019 the Company reported a loss before tax of $145,370.

Directors' report

Financial Position
The net assets of the Company have increased from $6,875 at 30 June 2018 to $111,505 at 30 June 2019.
As at 30 June 2019, the Company's cash and cash equivalents increased to $114,021 and it had a working capital position of $111,505.

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the period of $145,370 and a net operating cash out-flow of $145,257.

The directors are satisfied that the going concern basis of preparation is appropriate as the directors are confident of the Company's ability to raise additional funds as and when they are required.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Events Subsequent to Reporting Date
There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 9 Events subsequent to reporting date

Future Developments, Prospects and Business Strategies
Likely developments, future prospects and business strategies of the operations of the Company and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

Environmental Regulations
The Company's operations are not currently subject to any other significant environmental regulations in the jurisdictions it operates in, namely Australia.

Information relating to the directors

- **Antony Worth** — ☐ Director
  - Qualifications — ☐ BSc (Hons)
  - Experience — ☐ Mr Worth is a geologist and business development consultant with 25 years experience. He has worked in Australia, Africa, North America and South America on a wide range of commodities and deposit styles. Mr Worth has a broad range of experience across all aspect of the minerals exploration industry, from target generation, exploration management, field programs implementation, through to commodity market analysis, joint venture negotiations and acquisitions. Mr Worth is a past director of Alamar Resources.

Directors' report

- **Amanda Buckingham** ☐ Director (Resigned 19 September 2018))

  Qualifications ☐ BSc (Hons), PhD

  Experience ☐ Dr Buckingham has over 20 years' experience as a geophysicist, working in exploration, consulting and academia, on all continents, and across a broad range of commodities and deposit styles. Dr Buckingham has worked for majors such as Rio Tinto, as well as listed junior explorers. She began consulting with SRK in Perth, and developed her expertise in airborne geophysical data from several years managing acquisition projects with High Sense Geophysics in Toronto, and Fugro Airborne Surveys in Southern Africa. Dr Buckingham is currently a director and owner of Fathom Geophysics, an industry leading geophysical consultancy that has aided discoveries and exploration programs across the globe; specializing in structure detection and targeting under cover. Dr Buckingham was a founder of Cygnus Gold Limited (CY5) and is a director of that company.

- **Robert Stuart** ☐ Director

  Qualifications ☐ BSc (Hons), PhD

  Experience ☐ Dr Stuart, a geoscientist and Program Manager, has worked in mineral exploration for the last 25 years. He has successfully explored for precious and base metals and bulk commodities in Australia, North America, Africa and Asia. He has worked with junior explorers and major mining companies including Rio Tinto, Anglo American, Normandy Mining and Norilsk Nickel. Mr Stuart spent 5 years as exploration manager at BHP Billiton where he managed regional exploration for Russia and Central Asia exploring for copper, nickel and metallurgical coal. Prior to that he was near mine exploration manager for BHP in Western Australia. Dr Stuart is currently a director of Fathom Geophysics, an industry leading geophysical consultancy.

- **Brian Rodan** ☐ Director (Appointed 19 September 2018)

  Qualifications ☐ FAusIMM

  Experience ☐ Mr Rodan has significant operating experience in all facets of underground and surface mining over 41 years in the industry. He was the founding director and major shareholder of Dacian Gold Limited. He was also the founder and sole owner of Australian Contract Mining Pty Ltd (ACM), a mid-tier mining contracting company that was formed in 1997 and commenced operations in 2001. ACM carried out various works on over 50 mining contracts, successfully completing in excess of $1.5B of contract mining work for various mining companies. Maximum annual turnover was $250 million and ACM employed 350 people at its peak. ACM was sold to an ASX listed company in 2017. Prior to forming ACM Mr Rodan spent 15 years (Jan 1981 to June 1996) in a number of senior management positions with Eltin Limited, including 3 years as General Manager (Surface and Underground) and 3 years as Executive Director on the Board responsible for all mining contracts and owner operator gold mining activities. Eltin had a turnover of circa $850m / annum.

Directors' report

Meetings of directors

During the period five meetings of Directors were held. Attendances by each Director during the year are stated in the following table

	Directors Meetings	
	Number eligible to attend	**Number attended**
Antony Worth	5	5
Amanda Buckingham	1	0
Robert Stuart	5	5
Brian Rodan	4	4

Indemnifying officers or auditors

Indemnification

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith

Insurance premiums

During the financial year the Company has paid a premium of $Nil in respect of a contract to insure the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001

Options

Unissued shares under option

No options have been issued by the Company.

Shares issued on exercise of options

None.

Proceedings on behalf of the company

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

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

Auditors independence declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2019 has been received and can be found on page 7.

This Report of the Directors is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

ROBERT STUART
Managing Director Dated this 18 of October 2019

Bentleys
THINKING AHEAD

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To The Board of Directors

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

As lead audit Partner for the audit of the financial statements of Desert Metals Limited for the financial year ended 30 June 2019, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys	*Mark Delaurentis*
BENTLEYS	**MARK DELAURENTIS CA**
Chartered Accountants	**Partner**

Dated at Perth this 18th day of October 2019

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

	Note	2019 $	29 Mar 2017 to 30 Jun 2018 $
Continuing operations			
Revenue		-	-
Acquisition costs		84,690	2,836
Compliance costs		1,370	1,691
Information technology costs		-	360
Professional fees		43,155	3,217
Survey Costs		4,986	-
Travel Costs		10,572	-
Other expenses		597	21
(Loss) before tax		(145,370)	(8,125)
Income tax benefit / (expense)	**2**	-	-
Net (loss) for the period		**(145,370)**	**(8,125)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		**(145,370)**	**(8,125)**

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2019

	Note	2019 $	2018 $
Current Assets			
Cash and cash equivalents	**3a**	114,021	9,278
Receivables	**4**	581	-
Total Current Assets		114,602	**9,278**
Total Assets		**114,602**	**9,278**
Current Liabilities			
Trade and other payables	**5**	3,097	2,403
Total Current Liabilities		3,097	**2,403**
Total Liabilities		**3,097**	**2,403**
Net Assets		**111,505**	**6,875**
Equity			
Issued capital	**6**	265,000	15,000
Accumulated losses		(153,495)	(8,125)
Total Equity		**111,505**	**6,875**

The statement of financial position is to be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2019

	Note	Issued Capital $	Accumulated Losses $	Total $
Loss for the period		-	(8,125)	(8,125)
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		**-**	**(8,125)**	**(8,125)**
Transactions with owners, directly in equity				
Share application funds received	**6**	15,000	-	15,000
Transaction costs		-	-	-
Balance at 30 June 2018		**15,000**	**(8,125)**	**6,875**
Loss for the period		-	(145,370)	(145,370)
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		**-**	**(145,370)**	**(142,870)**
Transactions with owners, directly in equity				
Share application funds received	**6**	250,000	-	250,000
Transaction costs		-	-	-
Balance at 30 June 2019		**265,000**	**(153,495)**	**111,505**

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2019

	Note	2019 $	29 Mar 2017 to 30 Jun 2018 $
Cash flows from operating activities			
Cash receipts from other operating activities		4,464	-
Payments to suppliers and employees		(149,721)	(5,722)
Net cash used in operating activities	**3b.i**	**(145,257)**	**(5,722)**
Cash flows from financing activities			
Proceeds from issue of shares		250,000	15,000
Net cash provided from financing activities		**250,000**	**15,000**
Net increase in cash held		**104,743**	**9,278**
Cash and cash equivalents at the beginning of the period		9,278	-
Cash and cash equivalents at the end of the period	**3**	**114,021**	**9,278**

The statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2019

Note 1 Statement of significant accounting policies

The Directors' have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Directors.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

Desert Metals Limited is a Company limited by shares, incorporated and domiciled in Australia. Desert Metals Limited is a for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

1.1 Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

1.2 Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the period of $145,370 and a net operating cash out-flow of $145,257. As at 30 June 2019, the Company's cash and cash equivalents increased to $114,021 and had working capital of $111,505.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

1.3 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected

1.4 Significant accounting policies

a. Income tax

The income tax expense / (revenue) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Notes to the financial statements

For the year ended 30 June 2019

Note 1 Statement of significant accounting policies

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable form, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

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

c. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instruments. For Financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Notes to the financial statements

For the year ended 30 June 2019

Note 1 Statement of significant accounting policies

Financial instruments are initially measured at fair value plus transaction costs, except where the instruments is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measure at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortization of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliability predicted, the contractual term) of the financial instrument to the net carry amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The Company does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial statements.

i. Financial assets at fair value through profit and loss or through other comprehensive Income

Financial assets are classified at 'fair value through profit or loss' or Fair value through Other comprehensive Income' when they are either held for trading for purposes of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss if electing to choose 'fair value through profit or loss' or other comprehensive income if electing 'Fair Value through other comprehensive income'.

ii. Financial Liabilities

The Company's financial liabilities include trade and other payables, loan and borrowings, provisions for cash bonus and other liabilities which include deferred cash consideration and deferred equity consideration for acquisition of subsidiaries & associates.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Notes to the financial statements

For the year ended 30 June 2019

Note 1 Statement of significant accounting policies

Derecognition

Financial assets are derecognised where the contractual rights to receipts of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset. Financial Liabilities are recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

Trade and other receivables

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Collectability of trade and other receivables are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

Share capital

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Notes to the financial statements

For the year ended 30 June 2019

Note 1 Statement of significant accounting policies

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non- cash assets or liabilities assumed is recognised in profit or loss.

d. Impairment of non-financial 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. 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. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Notes to the financial statements

For the year ended 30 June 2019

Note 1 Statement of significant accounting policies

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

f. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest income is recognised as it accrues in the profit and loss using the effective interest method.

All revenue is stated net of the amount of Goods and Services Tax (GST).

g. Accounting Standards that are mandatorily effective for the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 9 *Financial Instruments* and related amending Standards
- AASB 15 *Revenue from Contracts with Customers* and related amending Standards
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

AASB 9 Financial Instruments and related amending Standards
In the current year, the Company has applied AASB 9 *Financial Instruments* (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2019. The transition provisions of AASB 9 allow an entity not to restate comparatives however there was no material impact on adoption of the standard.

Additionally, the Company adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures*.

In summary AASB 9 introduced new requirements for:
- The classification and measurement of financial assets and financial liabilities,
- Impairment of financial assets, and
- General hedge accounting.

AASB 15 Revenue from Contracts with Customers and related amending Standards
In the current year, the Company has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2019. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

Notes to the financial statements
For the year ended 30 June 2019

Note 2 Income Tax

	2019 $	29 Mar 2017 to 30 Jun 2018 $
a. Income tax expense / benefit		
Current tax	-	-
Deferred tax	-	-
	-	-

b. Reconciliation of income tax expense to prima facie tax payable

The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on operating loss at 27.5%	(39,976)	(2,234)
Add / (less) tax effect of:		
• Deferred tax asset not brought to account	39,976	2,234
	-	**-**

Note 3 Cash and cash equivalents

a. Reconciliation of cash

	2019 $	2018 $
Cash at bank	114,021	9,278
	114,021	**9,278**

b. Cash Flow information

	2019 $	29 Mar 2017 to 30 Jun 2018 $
i Reconciliation of cash flow from operations to profit/(loss) after income tax		
Loss after income tax	(145,370)	(8,125)
Non-cash flows in profit		-
Changes in assets and liabilities		
• Increase/(decrease) in payables	694	2,403
• (Increase)/decrease in receivables	(581)	-
Cash flow from operations	**(145,257)**	**(5,722)**

Note 4 Trade and other receivables

	2019 $	2018 $
Current		
Unsecured		
GST receivable	581	-
	581	**-**

Notes to the financial statements
For the year ended 30 June 2019

Note 5 Trade and other payables

	2019 $	2018 $
Current		
Unsecured		
Trade Payables	597	903
Accrued Expenses	2,500	1,500
	3,097	**2,403**

Note 6 Issued capital

	2019 $	2018 $
18,750,000 (2018: 15,000,000) fully paid ordinary shares	265,000	15,000
11,250,000 partly paid ordinary shares (paid to $0)	-	-
	265,000	**15,000**

During the year, the company issued 3,750,000 fully paid ordinary shares for $250,000 and 11,250,000 party paid ordinary shares paid to $0 with an issue price of $750,000. The partly paid shares are subject to calls of $250,000 per quarter.

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

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

At the 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 7 Commitments

The Company has no material commitments as at 30 June 2019.

Note 8 Contingent assets and liabilities

The company has no contingent assets or liabilities as at 30 June 2019.

Note 9 Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 10 Company details

The registered office of the company is

Address:	3 Halifax Rd Maylands WA 6051	Telephone:	0417 772 569

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 described in Note 1 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 19, are in accordance with the *Corporations Act 2001*(Cth) and:

   a. comply with Accounting Standards as described in Note 1 to the financial statements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

   b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the period ended on that date of the Company.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

ROBERT STUART
Managing Director
Dated this 18 day of October 2019

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Desert Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Desert Metals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of Desert Metals Limited is in accordance with the Corporations Act 2001, including:

a. giving a true and fair view of the financial position as at 30 June 2019 and of its performance for the year ended on that date; and

b. complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 1.2 in the financial report, which indicates that the Company incurred a net loss of $145,370 during the year ended 30 June 2019. As stated in Note 1.2, these events or conditions, along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, 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, 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.

Directors' Responsibility 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes 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 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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.

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 based on the accounting policies disclosed in Note 1 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

Bentleys	Mark Delaurentis
BENTLEYS	**MARK DELAURENTIS CA**
Chartered Accountants	**Partner**

Dated at Perth this 18th day of October 2019