2020

FINANCIAL STATEMENTS

Hamelin Resources Pty Ltd
ACN: 140 741 340

For the Year Ended 30 June 2020

Contents

Corporate Directory

Directors

Mr Paul Chapman
Director

Mr Will Robinson
Director

Mr Peter Bewick
Director

Dr Jon Hronsky
Director

Mr Philip Crutchfield
Director

Company Secretaries

Mr Kevin Hart

Mr Dan Travers

Registered Office & Principal Place of Business
Suite 2, 1 Alvan Street, Subiaco, WA 6008

Auditors

Crowe Perth
Level 5, 45 St Georges Terrace
Perth, Western Australia 6000

Company Information

Incorporated in Western Australia, 24 November 2009

Directors' Report

The Directors present their report on the Company, together with the financial report for the year ended 30 June 2020 and the audit report thereon.

1 DIRECTORS

The names and details of the Company's directors in office during the financial period or since the end of the financial period are set out below.

Unless otherwise indicated, all Directors held their position as a director throughout the entire period and up to the date of this report.

Mr Paul Chapman
Director

Mr Will Robinson
Director

Mr Peter Bewick
Director

Dr Jon Hronsky
Director

Mr Philip Crutchfield
Director (Appointed 9 October 2019)

2 COMPANY SECRETARIES

KEVIN HART
DAN TRAVERS

3 DIVIDENDS

No dividends have been paid or declared by the Company since the incorporation of the Company.

4 PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial period was the exploration and evaluation of mineral resources.

5 OPERATING AND FINANCIAL REVIEW

Operating Results for the Year

The net loss of the Company for the year ended 30 June 2020 was $177,833 (2019: $nil).

Financial Position

The Company's net liabilities at 30 June 2020 totalled $286,233 (2019: $108,400).

6 SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There are no matters or circumstances that have arisen since the end of the financial period that have 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.

7 LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company expects to continue exploration of its West Tanami Gold Project.

8 ULTIMATE PARENT ENTITY

Hamelin Resources is a wholly-owned subsidiary of Encounter Resources Limited, which is the Ultimate Parent Entity to the Group.

9 ENVIRONMENTAL REGULATION

The exploration activities of the Company are subject to environmental regulations imposed by various regulatory authorities, particularly those relating to ground disturbance and the protection of rare and endangered flora and fauna.

Directors' Report

The Company has complied with all material environmental requirements up to the date of this report. The directors believe that the Company has adequate systems in place for the management of its environmental responsibilities and are not aware of any breaches of the regulations during the period covered by this report.

10 OPTIONS

As at the date of this report, there are no unissued ordinary shares or interests of the Company under option.

11 INDEMNIFICATION AND INSURANCE OF DIRECTORS AND AUDITORS

The Ultimate Parent Entity of the Company has paid premiums to insure the Directors against liabilities incurred in the conduct of the business of the Company and has provided right of access to Company records. In accordance with common commercial practice, the insurance policy prohibits disclosure of the amount of the premium and the nature of the liability insured against.

12 PROCEEDINGS ON BEHALF OF THE COMPANY

During and since the end of the financial period, the Company nor its directors are Party to any proceedings.

13 NON -AUDIT SERVICES

The Company's auditors did not provide any non-audit services to the Company during the period ended 30 June 2020.
Signed at Perth this 8th day of September 2021 in accordance with a resolution of the directors

Will Robinson
Director

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Hamelin Resources Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Perth

Cyrus Patell
Partner

Signed at Perth, 8th September 2021

Statement of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2020

	Note	Year Ended 30 June 2020 $	Year Ended 30 June 2019 $
Expenses			
Exploration costs written off		(47,403)	-
(loss) on sale of exploration assets		(130,430)	-
Total Expenses		(177,833)	-
Loss before income tax			
Income tax benefit/(expense)	10	-	-
Loss for the Year Attributable to the Owners of the Company		(177,833)	-
Other Comprehensive Income		-	-
Total Comprehensive Loss for the Year Attributable to the Owners of the Company		**(177,833)**	**-**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 $	30 June 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	2	2
Trade and other receivables		4,760	2,697
Total Current Assets		4,762	2,699
Non-Current Assets			
Exploration and evaluation expenditure	6	4,653,456	4,169,299
Total Non-Current Assets		4,653,456	4,169,299
TOTAL ASSETS		4,658,218	4,171,998
LIABILITIES			
Current Liabilities			
Loan from ultimate parent entity	9	4,944,451	4,280,398
Total Current Liabilities		4,944,451	4,280,398
TOTAL LIABILITIES		4,944,451	4,280,398
NET LIABILITIES		(286,233)	(108,400)
EQUITY			
Issued capital	7	2	2
Accumulated losses		(286,235)	(108,402)
TOTAL DEFICIENCY OF EQUITY		(286,233)	(108,400)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the period ended 30 June 2020

	Note	Year Ended 30 June 2020 $	Year Ended 30 June 2019 $
Cash flows from operating activities			
Net cash flows used in operating activities	5	-	-
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		2	2
Cash and cash equivalents at end of the year	5	2	2

The Company's operations are funded by its Ultimate Parent Company, Encounter Resources Limited, and therefore has no cash flows of its own.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the period ended 30 June 2020

	Note	Issued Capital $	Accumulated Losses $	Total Equity $
At 1 July 2018		2	(108,402)	(108,400)
Loss for the period		-	-	-
Other comprehensive loss		-	-	-
Total comprehensive loss		-	-	-
At 30 June 2019		**2**	**(108,402)**	**(108,400)**
At 1 July 2019		2	(108,402)	(108,400)
Loss for the period		-	(177,833)	(177,833)
Other comprehensive loss		-	-	-
Total comprehensive loss		-	(177,833)	(177,833)
At 30 June 2020		**2**	**(286,235)**	**(286,233)**

The accompanying notes for part of these financial statements.

Notes to the Financial Statements

1 CORPORATE INFORMATION

Hamelin Resources Pty Ltd is a company domiciled in Australia. The Company's registered office is Suite 2, 1 Alvan Street, Subiaco WA 6008. The ultimate parent entity of the Company is Encounter Resources Limited.

The financial report of the Company for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 8 September 2021.

Hamelin Resources Pty Ltd is a for profit company limited by shares incorporated in Australia.

The Company's principal activity is exploration and extraction of mineral resources.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a special-purpose financial report, which has been prepared to meet the needs of its member. The Company is a non-reporting entity as there are no users dependent upon general purpose financial reports.

The financial report has also been prepared on an accruals and historical cost basis, unless otherwise stated. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

The financial statements have been prepared in accordance with:

- The disclosure requirements applicable to entities reporting under the special purpose financial reporting framework, being AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures';
- The recognition and measurement requirements of Australian Accounting Standards, but not the disclosure requirements of these standards; and
- Significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of the member.

(b) Economic Dependency

Hamelin Resources Pty Ltd is dependent on continued funding from its parent entity, Encounter Resources Limited.

(c) New accounting standards and interpretations

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

AASB 16 Leases

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

Impact of adoption

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 liability are recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(d) Exploration, evaluation and development expenditure

Mineral exploration and evaluation expenditure is written off as incurred or accumulated in respect of each identifiable area of interest and capitalised. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated mineral acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and capitalised costs written off to the extent it is deemed that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(e) Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are deducted from the carrying value of the relevant asset.

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised in the year in which the claim is lodged with the Australian Tax Office. Amounts receivable are allocated in the financial statements against the corresponding expense or asset in respect of which the research and development concession claim has arisen.

(f) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Company of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(h) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(j) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period’s taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities related to the same taxable entity and the same taxation authority.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Issued Capital

Ordinary shares are classified as equity.

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

(m) Provisions

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

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and assumptions:

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Exploration and evaluation expenditure

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Company's accounting policy (refer note 2(d)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to ore reserves, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under accounting policy 2(d), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the statement of profit or loss and other comprehensive income in accordance with accounting policy 2(f).

As at 30 June 2020, capitalised exploration and evaluation totalled $4,653,456 (2019: $4,169,299).

4 DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed.

5 CASH AND CASH EQUIVALENTS

	2020	**2019**
	$	**$**
Cash at bank and in hand	2	2
	2	2
Reconciliation from the net loss after tax to the net cash flows from operations:		
Net Loss	(177,833)	-
Loss on sale of exploration assets	130,430	-
Exploration assets written off	47,403	-
Changes in assets and liabilities:		
(decrease)/increase in loan from ultimate parent	-	-
Net cash from operating activities	-	-

6 EXPLORATION AND EVALUATION EXPENDITURE

The following table is a reconciliation of movements in exploration and evaluation expenditure during the period.

	2020	**2019**
	$	**$**
Reconciliation:		
Balance at the beginning of the period	4,169,299	3,543,264
Capitalised expenditure for the period	928,573	746,360
Less: EIS grant funding	(120,000)	(101,506)
Less: R&D tax credit	-	(18,819)
Less: Exploration costs written off	(47,403)	-
Less: Book value of exploration assets sold	(277,013)	-
Balance at the end of the period	4,653,456	4,169,299

The ultimate recovery of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest at an amount greater than or equal to carrying value.

7 Issued Capital

	2020 $	2020 No. of shares	2019 $	2019 No. of shares
Ordinary Shares:				
Issued and fully paid	2	1	2	1
Movement in ordinary shares on issue:				
At 1 July	2	1	2	1
At 30 June	2	1	2	1

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

8 Significant Events After the Balance Date

There are no matters or circumstances that have arisen since the end of the financial period that have 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.

9 Related Parties

Loan from Ultimate Parent

	2020 $	2019 $
Reconciliation:		
Balance at the start of the year	4,280,398	3,684,164
Net loans forwarded from Ultimate Parent Entity (Encounter Resources Limited)	664,053	596,234
Balance at the end of the year	4,944,451	4,280,398

Other Transactions with Related Parties

There were no other transactions with related parties.

10 Income Taxes

	2020 $	2019 $
A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate is as follows:		
Accounting (loss) before income tax	(177,833)	-
At the statutory income tax rate of 27.5%	(48,904)	-
Tax loss and temporary differences not brought to account as a deferred tax asset	48,904	-
Income tax expense / (benefit)	-	-
Recognised in the statement of profit or loss and other comprehensive income:		
Current tax expense / (benefit)	-	-
Deferred tax expense / (benefit)	-	-
Total income tax expense / (benefit)	-	-

Net deferred tax assets have not been recognised because it is not yet probable that future taxable profit will be available against which the Company can utilise the benefits. The Company is part of a tax consolidated group, of which Encounter Resources Limited is the head entity. Accordingly, the Company itself has no carried forward tax losses.

11 EXPLORATION COMMITMENTS

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may be varied as a result of renegotiations of the terms of the exploration licences or their relinquishment. The minimum exploration obligations are less than the normal level of exploration expected to be undertaken by the Company. As at balance date, total exploration expenditure commitments on tenements held by the Company which have not been provided for in the financial statements and which cover the following twelve-month period, amount to $1,159,520 (2019: $951,520)

Directors' Declaration

1. In the opinion of the directors of Hamelin Resources Pty Ltd ('the Company'):

   (a) The company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in Note 2 to the financial statements, the financial statements and notes of Hamelin Resources Pty Ltd for the financial period ended 30 June 2020 are prepared to meet the needs of its member, including:

      (i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the period then ended; and

      (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2 to the financial statements.

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

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Will Robinson
Director
8 September 2021

INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF HAMELIN RESOURCES PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hamelin Resources Pty Ltd (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 changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company:

(a) gives a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
(b) complies with Australian Accounting Standards to the extent described in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Company in accordance with the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter – basis of accounting

We draw attention to Note 2 in the financial report which describes the basis of accounting. The financial statements have been prepared in order to meet the needs of its members. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and the Audit's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 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 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 upon the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

We draw attention to Note 2(b) in the financial report which outlines the Company's economic dependency on funding from its parent entity, Encounter Resources Limited.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the needs of its 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 the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity 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 statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Crowe Perth

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Cyrus Patell
Partner

Dated at Perth this 8th day of September 2021