

8 Au Limited

ACN 644 358 403

Financial Statements

From incorporation date on 15 September 2020

to 30 June 2021

Company Particulars

Directors:

Bryan Frost - Executive Chairman and Managing Director
Damon O'Meara - Non-Executive Director
Michael Quinert - Non-Executive Director

Chief Executive Officer:

Bevan Wakelam
Email: bevan.wakelam@eightau.com

Company Secretary and Chief Financial Officer:

David McBain
Email: David.McBain@eightau.com

Auditors:

McLean Delmo Bentleys Audit Pty Ltd
Level 3, 302 Burwood Road, Hawthorn, Victoria, 3122

Registered Office:

At the offices of McBain McCartin & Co Business Services Pty Ltd
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103
Telephone: (03) 9817 0700
Fax: (03) 9817 0799

Principal Place of Business:

At the offices of McBain McCartin & Co Business Services Pty Ltd
Level 1, 123 Whitehorse Road, Balwyn, Victoria, 3103

Directors' Report

Directors:

Names of Directors of 8 Au Limited ('Company' or '8AU') during or since date of incorporation on 15 September 2020 up to the date of this report:

Bryan J Frost – Executive Chairman and Managing Director - appointed 15/9/2020
Damon O'Meara - Non-Executive Director - appointed 7/10/2020
Michael Quinert - Non-Executive Director - appointed 15/9/2020
Richard Revelins -appointed 15/9/2020 – resigned 10/2/2021

Chief Executive Officer:

Bevan Wakelam (appointed 1/6/2021)

Company Secretary and Chief Financial Officer:

David McBain (appointed 15/9/2020)

Particulars of each person's experience and qualifications are set out in this report.

Principal Activities:

The current principal activities of the Company since date of incorporation have been:

- exploration of mining tenements;
- preparation of a Prospectus to raise capital to acquire tenements for exploration; and
- raise capital to expand activities in exploring for gold and base metals.

The proposed principal activity of the Company when 8AU lists on ASX is exploration for gold and base metals at mining tenements in Western Australia.

Operating Results:

The Company incurred a net loss of (\$522,207) for the period ended 30 June 2021 and a net cash inflow after operating, investing and financing activities of \$24,375. Net assets of the Company at 30 June 2021 were \$43,193. The Company has predominantly been involved in preliminary exploration of tenements and the preparation of a prospectus to raise capital to explore for gold and base metals.

Likely Developments and Expected Results:

The Company is proposing to list on Australian Securities Exchange Limited (ASX) and is preparing a Prospectus to raise between \$8,000,000 to \$12,000,000.

Significant changes in the state of affairs:

In the opinion of the Directors, there have been no significant changes in the state of affairs of the Company since date of incorporation not otherwise disclosed in this Report and financial statements.

Environmental Issues:

The Company's operations are not currently subject to environmental regulations or issues.

Information Relating to Directors, CEO and Company Secretary:

Bryan J Frost

Qualifications:

Investment Banker.

Experience:

Mr Frost is Executive Chairman and Managing Director of First Au Limited (ASX: FAU) and Executive Chairman of Peregrine Corporate Limited. FAU is an active gold and base metals explorer in Western Australia and Gippsland, Victoria. Mr Frost has a career spanning nearly 60 years that includes experience in stockbroking, investment banking, venture capital, direct investment and corporate structuring. In 1989, Mr Frost co-founded Peregrine Corporate Limited, an Australian boutique investment bank which maintains a Financial Services Licence. Mr Frost has been involved in a myriad of public companies, usually through appointments to board positions and direct funding in a number of sectors including consumer products, mining, biotechnology and technology in Australia, Canada, South Africa, USA, UK, Ghana, Chile, and several other countries.

Directors' Report

Information Relating to Directors, CEO and Company Secretary (Cont'd):

Bryan J Frost (Cont'd)

Interest in shares and options: 4,500,000 ordinary shares together with 4,500,000 attaching options having an initial exercise price of \$0.10 increasing to \$0.20 prior to listing on ASX expiring 5 years after date of issue.

Special responsibilities: Executive Chairman and Managing Director.

Directorships held in other listed entities

during the three years

prior to the current year: First Au Limited.

Length of service: Appointed to the Board on 15 September 2020.

Damon O'Meara

Qualifications:

Bachelor of Education, Diploma of Teaching.

Experience:

Mr O'Meara is a Non-Executive Director of First Au Limited (ASX: FAU). FAU is an active gold and base metals explorer in Western Australia and Gippsland, Victoria. Mr O'Meara has over 40 years of experience in the mining and prospecting industry, having worked for Denis O'Meara Prospecting and former ASX-listed company, Kalmet Resources NL. Mr O'Meara is Co-Founder and Managing Director of Outback Trees of Australia Pty Ltd – Commercial Landscaping & Irrigation Group in Western Australia and has worked with prominent mining clients including BHP, Rio, Chevron and Woodside.

Interest in shares and options: 900,000 ordinary shares together with 900,000 attaching options having an initial exercise price of \$0.10 increasing to \$0.20 prior to listing on ASX expiring 5 years after date of issue.

Special responsibilities: Non-Executive Director: Tenement Management.

Directorships held in other listed entities

during the three years

prior to the current year: First Au Limited.

Length of service: Appointed to the Board on 7 October 2020.

Michael Quinert

Qualifications:

Degrees in Economics and Law from Monash University

Experience:

Mr Quinert is Chairman of ASX West Wits Mining Limited (ASX: WWI) and First AU Limited (ASX: FAU), both companies with active gold mining/exploration activities in Australia. Mr Quinert has over 35 years' experience as a commercial lawyer and over 25 years as a partner in a Melbourne law firm. He has extensive experience in assisting and advising public companies on capital raising and market compliance issues.

Interest in shares and options:

1,500,000 ordinary shares together with 1,500,000 attaching options having an initial exercise price of \$0.10 increasing to \$0.20 prior to listing on ASX expiring 5 years after date of issue.

Special responsibilities: Non-Executive Director: Chair of Audit Committee.

Directorships held in other listed entities

during the three years

prior to the current year: Executive Chairman of West Wits Mining Limited.

prior to the current year: First Au Limited.

Length of service: Appointed to the Board on 15 September 2020.

Directors' Report

Information Relating to Directors, CEO and Company Secretary (Cont'd):

Richard Revelins

Qualifications:

Bachelor of Economics Degree from Monash University

Experience:

Mr Revelins is Executive Director of First Au Limited (ASX: FAU) and Director and co-founder of Peregrine Corporate Limited. FAU is an active gold and base metals explorer in Western Australia and Gippsland, Victoria.

Mr Revelins is also a Managing Director at Cappello Group Inc in Los Angeles, USA. Mr Revelins has over 35 years of experience with international investment banks in the area of corporate finance and corporate advice. Mr Revelins has predominantly specialised in mining and natural resources and was the former Chairman of Atlas Iron Ltd as well as a director of numerous other public and private companies.

Interest in shares and options:

1,000,000 ordinary shares together with 1,000,000 attaching options having an initial exercise price of \$0.10 increasing to \$0.20 prior to listing expiring 5 years after date of issue.

Special responsibilities:

Executive Director: Corporate finance and corporate advice.

Directorships held in other listed entities during the three years prior to the current year:

First Au Limited.

Length of service:

Appointed to the Board of 8 Au Ltd on 15 September 2020. Resigned 10/2/2021.

Bevan Wakelam

Chief Executive Officer

Qualifications:

Batchelor of Science from Curtin University, Perth, Western Australia and Graduate Diploma in Applied Finance & Investment with FINSIA.

Experience:

Mr Wakelam is a resource industry executive with over 25 years' experience as a Geologist and Resources Marketing Executive. He has a diverse skill set, gained from senior geological and marketing roles across a number of commodities including Iron Ore, Manganese and Industrial Minerals. He spent over 10 years with Rio Tinto and was part of the start-up team at Roy Hill Iron Ore. He has extensive experience in resource evaluation, project development, due diligence and commodity sales & marketing. His previous roles have also included assessment of resource projects throughout China, SE Asia, India and South America.

David W McBain

Company Secretary and Chief Financial Officer.

Qualifications:

Fellow - Chartered Accountants Australia and New Zealand (FCA), member of Governance Institute of Australia, and Fellow - Australian Institute of Company Directors (FAICD), Business Studies (RMIT).

Experience:

David has over 50 years of professional experience in the areas of company secretarial, business assurance and statutory audits, taxation and business advisory services.

Directors' Meetings:

The following table sets out the number of meetings the Company's Directors were eligible to attend and those meetings attended for the period ended 30 June 2021:

	Number Eligible to Attend	Number Attended
Bryan Frost	9	9
Damon O'Meara	10	10
Michael Quinert	11	11
Richard Revelins (resigned 10/2/2021)	8	8

Directors' Report

Directors' Meetings (Cont'd):

Bryan Frost and Richard Revelins were ineligible to vote at two meetings as they had an interest in the outcome of the resolutions that were tabled at the meetings. Damon O'Meara was appointed 7/10/2020 after an initial directors meeting had been held. Directors meetings related to the incorporation of the company, preparation of the Prospectus and Listing of the company.

Indemnifying Officers or Auditor:

The Company has not, during or since the end of the financial period indemnified or agreed to indemnify an Officer or Auditor of the Company against a liability incurred as Officer or Auditor.

Dividends Paid or Recommended:

No dividend has been paid or recommended since date of incorporation.

Options:

Options issued to investors who subscribed seed capital and outstanding at the date of this report:

- 15,300,000 options having an initial exercise price of \$0.10 increasing to \$0.20 prior to listing on ASX expiring 5 years after date of issue.

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

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 period.

Non-audit Services:

There were no non-audit services provided to the Company by the audit firm during the period.

Auditor's Independence Declaration:

The Auditor's Independence Declaration for the period ended 30 June 2021 has been received and a copy is attached.

Key Management Personnel:

Details of Remuneration for period ended 30 June 2021:

Remuneration was paid during the period to key management personnel representing short term benefits of \$13,172 and post-employment benefits of \$1,041.

Michael Quinert is a Director and Partner in the legal firm, Quinert, Rodda Legal ('QRL'). QRL will receive legal fees associated with the preparation and lodgement of the prospectus with ASX and ASIC. An amount of \$93,386 has been paid or accrued during the period from incorporate to 30 June 2021 to QRL on normal commercial terms and is included in Prospectus expenses.

No shares or options have been issued or granted as part of remuneration during the period.

Directors have paid seed capital to the company to fund initial working capital requirements and received shares and attaching options having an initial exercise price of \$0.10 increasing to \$0.20 prior to listing on ASX expiring 5 years after date of issue.

	Shares received for seed capital contributed	Attaching options expiring 5 years after issue date of shares
Bryan Frost	4,500,000	4,500,000
Damon O'Meara	900,000	900,000
Michael Quinert	1,500,000	1,500,000
Richard Revelins (resigned 10/2/2021)	1,000,000	1,000,000

Directors' Report

Events after Reporting Date:

The Company is preparing for an initial public offering and to seek admission to the official list of ASX. The Company is currently proposing to raise between \$8,000,000 and \$12,000,000 by issuing between 40,000,000 and 60,000,000 shares at \$0.20 each in connection with seeking admission to the official list of ASX. Every two shares are proposed to be accompanied by one option with an expiry date of two years from issue and exercise price is \$0.30. The terms of the proposed capital raise set out above are indicative only and are subject to change and conditional on final sign off by the Board of Directors.

Agreements have been entered into by the Company to acquire various rights and interests in a number of mining tenements in connection with the proposed listing on ASX. Completion of the Agreements is subject to the satisfaction (or waiver) of conditions precedent by dates as specified in each of the respective Agreements.

The following are common conditions precedent across the Agreements:

- 8AU receiving confirmation from ASX that it will admit 8AU to the Official List of the ASX subject to typical administrative and completion conditions.
- The Tenements not being withdrawn or revoked prior to the completion date.
- No event occurring prior to the completion date which adversely affects the rights or interests proposed to be acquired by 8AU.

Some of the Agreements have additional conditions precedent as applicable.

1) Great Sandy Pty Ltd ('Great Sandy') Sale and Purchase Agreements:

The Company has entered into three conditional sale and purchase agreements:

- i) Pear Creek – sale and purchase agreement dated 19 November 2020 – consideration for the acquisition of tenement E45/3856 is issue 625,000 shares in the capital of the Company to Great Sandy Pty Ltd ("Great Sandy").
- ii) Railway Well – sale and purchase agreement dated 19 November 2020 between the Company and Great Sandy and Epminex Pty Ltd ('Epminex') for tenement E45/4616.
 - (1) Consideration for the acquisition of tenement E45/4616 is: issue an aggregate of 625,000 shares in the capital of the Company to Great Sandy and Epminex.
 - (2) The company will assume liability of an existing 2% net smelter royalty to Mithril Resources Ltd on all commodities that may occur in the tenement in the event of any future production of minerals, capped at a maximum aggregate royalty of \$250,000.
- iii) Eginbah Agreement - sale and purchase agreement dated 19 November 2020 – consideration for the acquisition of tenement E45/5022 pay the sum of \$10,000 and issue 250,000 shares in the capital of the Company to Great Sandy.
- iv) Niagara Agreement - 8AU has entered into a farm-in agreement with Great Sandy, under which 8AU can earn an 80% interest in Exploration Licence E40/383 and to form a joint venture between 8AU and Great Sandy upon 8AU obtaining the 80% interest in E40/383.

In order to earn the 80% interest in E40/383, 8AU must:

 - (1) pay \$10,000 to Great Sandy towards reimbursement of Great Sandy's costs and expenses incurred in respect of the Tenement, within 7 days of receiving confirmation from ASX that it will admit 8AU to the Official List of ASX; and
 - (2) during the period commencing on the date that ASX confirms that it will admit 8AU to the Official List of ASX and 13 April 2025, incur in each tenement year not less than 1.5 times the minimum annual expenditure to be spent for that year pursuant to the terms of E40/383. The aggregate minimum expenditure requirement over 5 years is \$138,000.

8AU has a right to buy out the remaining 20% on valuation and has a first and last right over any disposal of the 20%.

2) Talga Farm-In:

- i) 8AU and First Au Limited ("FAU") have entered into a farm-in and joint venture agreement ("Talga Agreement") under which 8AU can earn up to an 80% interest in the tenements forming the Talga Gold and Base Metals Project located in the East Pilbara region of Western Australia ("Talga Project"). On 30 June 2021, this agreement was extended to 30 September 2021.
- ii) Commencement of the farm-in and joint venture is conditional upon a number of conditions being satisfied, including those noted above, due diligence and required shareholder and/or regulatory approvals being obtained.

Directors' Report

- iii) 8AU will acquire a 50.1% undivided and unencumbered interest in the tenements as a tenant in common ("Stage 1 Interest") upon:
 - (1) 8AU making a payment on the date upon which all conditions precedent other than there being not material adverse event have been satisfied ("Effective Date") of a maximum of \$180,000, as reimbursement of expenditure incurred by FAU directly in connection with IP survey costs prior to the date of the Talga Agreement, at which time 8AU will be deemed to have a 10% interest in the Tenements; and
 - (2) 8AU incurring Expenditure of not less than \$300,000 within one (1) year of the Effective Date ("Stage 1 Period"), at which time the interest of 8AU in the tenements will increase by 40.1%, from 10% to 50.1%.
- iv) If 8AU earns the Stage 1 Interest, then 8AU will hold an 50.1% interest and FAU will hold a 49.9% interest in the tenements as tenants in common. Subject to satisfaction of the conditions precedent, 8AU is committed to incurring the Expenditure required to acquire the Stage 1.
- v) Subject to 8AU earning the Stage 1 Interest, FAU grants 8AU the right, but not the obligation, to acquire a further 19.9% undivided and unencumbered interest in the Tenements as a tenant in common ("Stage 2 Interest") by incurring aggregate Expenditure (inclusive of Expenditure incurred in connection with obtaining the Stage 1 Interest) of not less than \$600,000 within two (2) years of the Effective Date ("Stage 2 Period"). 8AU may exercise its right to acquire the Stage 2 Interest by giving the Company notice in writing within 21 days from the end of the Stage 1 Period. In the event 8AU elects to exercise its right to acquire the Stage 2 Interest, 8AU is committed to incurring the Expenditure required to acquire the Stage 2 Interest.
In the event that 8AU does not make an election to earn the Stage 2 Interest within 21 days from the end of the Stage 1 Period, the parties will be in a joint venture where 8AU will hold a 50.1% interest and the Company will hold a 49.9% interest.
If 8AU earns the Stage 2 interest then 8AU will hold an 70% interest and the Company will hold a 30% interest in the Tenements as a tenants in common.
- vi) Subject to 8AU earning the Stage 2 Interest, FAU grants 8AU the right, but not the obligation, to acquire a further 10% undivided and unencumbered interest in the Tenements as a tenant in common ("Stage 3 Interest") by incurring aggregate Expenditure (inclusive of aggregate Expenditure incurred in connection with obtaining the Stage 1 Interest and Stage 2 Interest) of not less than \$900,000 within three (3) years of the Effective Date ("Stage 3 Period"). 8AU may exercise its right to acquire the Stage 3 Interest by giving the Company notice in writing within 21 days from the end of the Stage 2 Period. In the event 8AU elects to exercise its right to acquire the Stage 3 Interest, 8AU is committed to incurring the Expenditure required to acquire the Stage 3 Interest.
In the event that 8AU does not make an election to earn the Stage 3 Interest within 21 days from the end of the Stage 2 Period, the parties will be in a joint venture where 8AU will hold a 70% interest and the Company will hold a 30% interest.
If 8AU earns the Stage 3 interest then 8AU will hold an 80% interest and the Company will hold a 20% interest in the Tenements as a tenants in common.
From the point at which 8AU earns the Stage 3 Interest, the Company will be free-carried through to a decision to mine in respect of the Talga Project.
- vii) References above to "Expenditure" means all outgoing (including rents, rates, survey fees and other fees and charges under any applicable legislation or otherwise directly connection with the Tenements) and all costs and expenses incurred by or on behalf of 8AU in respect of any activity directly connected to the discovery, location and delineation of minerals on the Tenements and any activities which are reasonably incidental thereto including, without limitation, undertaking feasibility studies, drilling, maintaining the Tenements and accessing the land on which the Tenements are located.

3) Rich Well Share Sale Agreement:

- i) The Company has entered into a binding but conditional Share Purchase Agreement ("SPA") to acquire all of the issued capital of Rich Well Resources Pty Ltd ("Rich Well") from Attgold Pty Ltd and Anne Maree Richardson (collectively the "Rich Well Vendors"). Simon Paul Attwell and Brian Dudley Richardson, being the directors of Rich Well, executed the SPA to fulfill certain obligations thereunder (Guarantors). On 16 June 2021, this agreement was extended to 30 September 2021.
- ii) The consideration payable by the Company to the Rich Well Vendors for the acquisition of all the issued capital of Rich Well comprises:
 - (1) Cash consideration of \$20,000, This amount was paid during July 2021.
 - (2) An aggregate of 2,500,000 Shares at completion of the acquisition by 8AU of Rich Well; and

Directors' Report

(3) The right to receive up to an aggregate of 2,500,000 Shares at a deemed issue price of \$0.20, in four equal tranches of 625,000 Shares upon the grant of each of four tenement applications held by Rich Well, being: E45/5813, E45/5815, E80/5455 and E80/5459.

4) **Matlock Geological Services Option Agreement:**

- i) On 12 November 2020, 8AU entered into an option agreement ("Option") with Matlock Geological Services Pty Ltd ("MGS"), which grants 8AU an option to acquire exploration licence EL39/2067.
- ii) An option fee of \$100,000 was paid by 8AU in accordance with this agreement dated 12 November 2020. The term of the Option expires on 30 June 2021.
- iii) On 28 May 2021, 8AU entered into a Deed of Variation to Deed of Option. This variation extended the end date to 29 October 2021 and required a further payment of \$100,000.
- iv) To exercise its option, 8AU must, during the term of the option, execute a Sale and Purchase Agreement (the terms of which have been agreed under the Option). If the Sale and Purchase Agreement is executed, in consideration for acquiring the Tenement and subject to the satisfaction of the conditions precedent, at completion, 8AU will pay \$300,000 to MGS.

5) **Photios Mining Property Sale & Purchase Agreement:**

- i) The Company has entered into a conditional binding sale and purchase agreement (the Agreement) with Michael John Photios and Robert William Halligan (referred to collectively as the "Sellers") and Terranora Limited (referred to as the "Finder") to acquire an 80% interest in various tenements.
- ii) In consideration for an 80% interest in the tenements, the Company will provide both cash and share consideration to the Sellers at completion of the sale. The cash consideration is an amount of \$750,000 and the share consideration is 4,750,000 fully paid ordinary shares in 8AU ("Share Consideration"). The Sellers have nominated the Finder to receive the Share Consideration from 8AU in connection with services that the Finder has provided to the Sellers.

Apart from the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial years.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



Bryan Frost
Executive Chairman and Managing Director
27 August 2021

8 AU LIMITED
ACN 644 358 403

DIRECTORS' DECLARATION

In accordance with a resolution of the Director of 8 Au Limited, the Directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the period from date of incorporation (15 September 2020) to 30 June 2021.
2. In the Director's 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; and



Bryan Frost
Executive Chairman and Managing Director

27 August 2021

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF 8 AU LIMITED**

I declare that, to the best of my knowledge and belief, during the period from 15 September to 30 June 2021 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome
Partner**

Hawthorn
27 August 2021

8 AU LIMITED
ACN 644 358 403

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021**

	Note	15 Sept 2020 to 30 June 2021 \$
Administrative expenses	2	(65,117)
Exploration expenses		(251,809)
Prospectus expenses		(205,342)
Sundry income - interest		61
Loss before income tax		<u>(522,207)</u>
Tax expense	3	-
Net Loss for the period		<u>(522,207)</u>
Total comprehensive loss for the period attributable to members of the company		<u><u>(522,207)</u></u>

The accompanying notes form part of these financial statements.

8 AU LIMITED
ACN 644 358 403

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$
ASSETS		
CURRENT ASSETS		
Cash at bank and on hand		24,375
Other receivables	4	10,077
TOTAL CURRENT ASSETS		<u>34,452</u>
NON-CURRENT ASSETS		
Exploration and evaluation	5	226,822
Financial Asset	16	20,000
TOTAL NON-CURRENT ASSETS		<u>246,822</u>
TOTAL ASSETS		<u>281,274</u>
CURRENT LIABILITIES		
Trade and other payables		137,105
Employee entitlements		976
Borrowings	6	100,000
TOTAL CURRENT LIABILITIES		<u>238,081</u>
TOTAL LIABILITIES		<u>238,081</u>
NET ASSETS		<u>43,193</u>
EQUITY		
Issued capital	7	565,400
Accumulated Losses		(522,207)
TOTAL EQUITY		<u>43,193</u>

The accompanying notes form part of these financial statements.

8 AU LIMITED
ACN 644 358 403

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021**

	Ordinary share capital \$	Accumulated Losses \$	Total \$
Balance at date of incorporation	-	-	-
Loss for the period	-	(522,207)	(522,207)
Share capital received from investors	565,400	-	565,400
Balance at 30 June 2021	<u>565,400</u>	<u>(522,207)</u>	<u>43,193</u>

The accompanying notes form part of these financial statements.

8 AU LIMITED
ACN 644 358 403

STATEMENT OF CASH FLOW
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021

	2021
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers - interest	61
Payments to suppliers	<u>(394,264)</u>
Net cash used in operating activities	8 <u>(394,203)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Exploration and evaluation expenses	-
Exploration and evaluation expenses	<u>(226,822)</u>
Deposit paid Rich Well Resources Pty Ltd	16 <u>(20,000)</u>
Net cash used in investing activities	<u>(246,822)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Borrowings	6 100,000
Proceeds from issue of shares	7 <u>565,400</u>
Net cash provided by investing activities	<u>665,400</u>
Net increase/ (decrease) in cash and cash equivalents held	24,375
Cash and cash equivalents at date of incorporation	-
Cash and cash equivalents at 30 June 2021	<u>24,375</u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021**

NOTE 1: Summary of Significant Accounting Policies

a) Corporate Information

8 Au Limited ('Company' or '8AU') is a public unlisted company, incorporated on 15 September 2020 and domiciled in Australia.

The financial statements were authorised for issue by the Directors of the Company on the same date as the Directors' Report.

b) Basis of Preparation

8AU is proposing to list on ASX and a Prospectus is being prepared. An Independent Limited Assurance Report will be attached to the Prospectus which includes information from these financial statements. These audited financial statements have been prepared for that purpose. These financial statements have been prepared for the period from date of incorporation to 30 June 2021.

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory professional reporting requirements. The Company is a for-profit entity for financial reporting purposes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

c) Revenue & Other Income

Interest revenue is recognised using the effective interest method.

d) Goods and Services Tax (GST)

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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

e) Income tax

The income tax expense/ (income) for the period, where stated, comprises current income tax expense/ (income).

Current income tax expense charged to the profit or loss, where stated, is the tax payable on taxable income for the current period. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/ (recovered from) the Australian Tax Office (ATO) using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current income tax expense/ (income) is charged or credited directly outside profit or loss when the tax relates to items that are recognised outside profit or loss.

A deferred tax asset has not been recognised in respect of the carry forward amount of unused tax losses at this stage as it is not possible to determine when future taxable profits will be derived.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021**

e) Income tax (Cont'd)

The benefit of tax losses will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for losses to be realised,
- the Company continues to comply with the conditions for deductibility imposed by tax legislation. This includes being able to satisfy the continuity of ownership test or the same business test which appear unlikely having regards to events noted after the reporting date; and
- no changes in tax legislation adversely affect the Company in realising the benefit from tax losses.

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

g) Exploration and Development Expenditure

Exploration and evaluation assets are measured at cost and represent option fees paid, duties assessments on Agreements and Acquisitions and consideration paid to Vendors for entering into Share Purchase Agreement. Refer Note 5.

h) Impairment

At the end of each reporting period, the Company assesses exploration and evaluation assets for impairment. When facts and circumstances suggest that the carrying amount of an exploration and evaluation asset exceeds the recoverable amount, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

i) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and realisation of assets and settlement of liabilities in the normal course of business.

The Company incurred a net loss of (\$522,207) for the period ended 30 June 2021 and a net cash inflow after operating, investing and financing activities of \$24,375. Net assets of the Company at 30 June 2021 were \$43,193.

In preparing the financial statements the Directors note that the ability of the Company to continue as a going concern is dependent upon:

- ability to raise capital from pre-IPO funds in order to fund expenses prior to listing on ASX;
- ability to raise sufficient from the Prospectus proposed to be lodged with ASX;
- containment of operating expenses at a level that is commensurate with the Company's level of operations; and
- enhancement of the value of exploration assets (tenements) acquired from funds raised via the Prospectus;

Covid-19 is having a significant impact on the world and Australian economy. The Directors' are continuing to monitor developments relating to Covid-19 including the implementation of laws and regulations by State and the Federal Government which may impact ongoing operations and the Company's future financial results. At this stage, there has been no material financial impact on the Company.

On the basis of these factors, the Directors believe that the going concern basis of preparation of the financial statements is appropriate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021**

j) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms and do not bear interest. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k) Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including salaries and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

l) Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs.

Impairment

The simplified approach for receivables is used where the Company recognises the expected lifetime credit loss for receivables.

Derecognition

Financial assets are derecognised when 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 when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount 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.

m) Adoption of New and Revised Accounting Standards:

Based on an analysis performed to date of accounting standards for application in future periods, none of the standards on issue not yet effective would have a material impact on the reported position or performance of the Company.

8 AU LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021**

	15 Sept 2020 to 30 June 2021 \$				
2 Revenue and Expenses:					
The following expense items are relevant in explaining the financial performance for the period:					
Auditing the financial statements	12,500				
Audit - other services	-				
3 Income Tax Expense:					
The prima facie tax on net loss for period is reconciled to income tax as follows:					
Prima facie income tax on loss at 30%	(135,774)				
Tax effect of:					
Non-allowable items	294				
Benefit of tax losses not recognised	<u>135,480</u>				
Income tax attributable to entity	<u>-</u>				
<p>To be eligible for a rate of 26% the Company must satisfy a section of the Income Tax Act that requires no more than 80% of its assessable income to be classified as base rate passive income. The Company's only income source is from interest and this is regarded as base rate passive income.</p> <p>A deferred tax asset has not been recognised in respect of the carry forward of unused tax losses as at this stage it is not probable that future taxable profits will be derived.</p>					
	30 June 2021 \$				
4 Other Receivables:					
GST receivable	<u>10,077</u>				
5 Exploration and Evaluation					
Option fee paid to Matlock Geological Services Pty Ltd acquire tenements	200,000				
Duties assessments on Agreements and Acquisitions - Government of WA	<u>26,822</u>				
Also Refer Note 15	<u>226,822</u>				
6 Borrowings:					
Unsecured loan from a shareholder & Director	<u>100,000</u>				
No interest is payable on this loan					
7 Issued Capital and Options:					
Capital received from investors	<u>565,400</u>				
<i>Number of shares & Options</i>					
Issued during the period	<table style="display: inline-table; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">No. of Options</th> <th style="text-align: left; border-bottom: 1px solid black;">No. of shares</th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">15,300,000</td> <td style="border-bottom: 1px solid black;">15,300,000</td> </tr> </tbody> </table>	No. of Options	No. of shares	15,300,000	15,300,000
No. of Options	No. of shares				
15,300,000	15,300,000				

Options were granted to seed capital investors based on 1 option for each shares held. These options have an exercise price of \$0.10 which will automatically increase to \$0.20 immediately prior to the Company becoming listed. The expiry date of the options is 8 October 2025.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021

	15 Sept 2020 to 30 June 2021
8 Cash Flow Information	\$
Net loss for the period	(522,207)
Changes in assets and liabilities:	
Increase/(Decrease) other receivables	(10,077)
Increase/(Decrease) in employee entitlements	976
Increase/(Decrease) in trade and other payables	137,105
Net cash used in operating activities	<u>(394,203)</u>

9 Operating Segments:

The Company has one operating and reporting segment being exploration for gold and base metals in Australia.

10 Related Party Transactions:

Michael Quinert is a Director and Partner in the legal firm, Quinert, Rodda Legal ('QRL'). QRL will receive legal fees associated with the preparation and lodgement of the prospectus with ASX and ASIC. An amount of \$93,386 has been paid or accrued during the period from incorporate to 30 June 2021 to QRL on normal commercial terms and is included in Prospectus expenses.

Bryan Frost is a Director and has loaned the Company \$100,000 via his superannuation fund. Refer to Note 6.

Remuneration was paid during the period to key management personnel representing short term benefits of \$13,172 and post-employment benefits of \$1,041.

11 Financial Risk Management

Financial instruments consist mainly of deposits with banks, other receivables and trade and other payables.

Financial Risk Management Policies:

The use of financial instruments is governed by policies approved by the Board of Directors. The Directors are responsible for managing treasury requirements.

Financial Risk Exposures:

The main risk the Company is exposed to through its financial instruments are interest rate risk and liquidity risk. Due to the current low rates of interest, it is not considered the Company has exposure to interest rate risk.

Liquidity risk:

The Board manages liquidity risk by monitoring cash flows and maintaining sufficient cash to meet operational requirements.

Directors manage cash flow requirements by:

Containing operating expenses at a level that is commensurate with the Company's level of operations;

Raising sufficient capital; and

Managing cash expended on exploration and evaluation tenements.

Financial liability maturity analysis:

All liabilities of the current period are due to be paid within three months. No liabilities extend beyond this period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021**

11 Financial Risk Management (Cont'd)

Credit risk:

The only receivables are GST receivables and therefore an expected credit loss has not been recognised.

The Board monitors credit risk by actively assessing the quality of counterparties. The Company's cash at bank and bank deposits are placed with reputable banks with good credit ratings.

Sensitivity Analysis:

The Directors do not believe that any reasonably possible movement in the interest rate would cause a material impact on the reported result for the period.

Fair Values:

Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying amounts are equivalent to fair value.

12 Critical Accounting Estimates and Judgements:

As the Company has recently been incorporated, the Directors do not consider there are impairment triggers that would require re-assessment of capitalised costs recognised as exploration and evaluation. The estimate and judgement is the recoverability of the exploration and evaluation cost which assume a reasonable expectation of future events such as the Company being listed on ASX.

13 Contingent Liabilities:

There were no known contingent liabilities at the date of this report, with the exception of costs associated with the capital raising and listing on ASX proceeding. The costs of the offer which include brokerage fees, legal fees, ASX listing fees and other associated costs are estimated to be in the range of \$900,000 to \$1,200,000 depending on the amount of capital raised which is in the range of \$8 million to \$12 million.

14 Commitments:

The following commitments are contingent on the Company receiving confirmation from ASX that it will admit 8AU to the Official List of the ASX subject to typical administrative and completion conditions which include the completion of the Equity Offer under the Prospectus.

	Note	\$
Eginbah Agreement	15-1(iii)	10,000
Niagara Agreement	15-4(iv)	10,000
First Au Agreement	15-2	180,000
Rich Well Agreement	15-3	-
Matlock Agreement	15-4	300,000
Photios Agreement	15-5	750,000
		1,250,000

Department of Mines, Industry, Regulation and Safety of Western Australia determine the yearly expenditure commitments in relation to exploration licences. These commitments will become the responsibility of the Company following listing with ASX. It is a condition of the licence that the Company incur the following minimum level of expenditure in order to retain present interests in Mining Tenements.

<i>The approximate minimum level of expenditure requirements are set out in the following:</i>	\$
Within one year	720,000
One year or later and no later than five years	5,680,000

Anticipated costs of the offer:

The estimated costs of listing on ASX will be in the range of \$900,000 to \$1,200,000 based on raising share capital of between \$8 million to \$12 million.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021**

15 Events after Reporting Date

The Company is preparing for an initial public offering and to seek admission to the official list of ASX. The Company is currently proposing to raise between \$8,000,000 and \$12,000,000 by issuing between 40,000,000 and 60,000,000 shares at \$0.20 each in connection with seeking admission to the official list of ASX. Every two shares are proposed to be accompanied by one option with an expiry date of two years from issue and exercise price is \$0.30. The terms of the proposed capital raise set out above are indicative only and are subject to change and conditional on final sign off by the Board of Directors.

Agreements have been entered into by the Company to acquire various rights and interests in a number of mining tenements in connection with the proposed listing on ASX. Completion of the Agreements is subject to the satisfaction (or waiver) of conditions precedent by dates as specified in each of the respective Agreements.

The following are common conditions precedent across the Agreements:

- 8AU receiving confirmation from ASX that it will admit 8AU to the Official List of the ASX subject to typical administrative and completion conditions.
- The Tenements not being withdrawn or revoked prior to the completion date.
- No event occurring prior to the completion date which adversely affects the rights or interests proposed to be acquired by 8AU.
- 'Completion' is when all conditions precedent have been satisfied.

Some of the Agreements have additional conditions precedent as applicable.

1) *Great Sandy Pty Ltd ('Great Sandy') Sale and Purchase Agreements:*

The Company has entered into three conditional sale and purchase agreements:

- i) Pear Creek – sale and purchase agreement dated 19 November 2020 – consideration for the acquisition of tenement E45/3856 is issue 625,000 shares in the capital of the Company to Great Sandy Pty Ltd ("Great Sandy").
- ii) Railway Well – sale and purchase agreement dated 19 November 2020 between the Company and Great Sandy and Epminex Pty Ltd ('Epminex') for tenement E45/4616.
 - (1) Consideration for the acquisition of tenement E45/4616 is: issue an aggregate of 625,000 shares in the capital of the Company to Great Sandy and Epminex.
 - (2) The company will assume liability of an existing 2% net smelter royalty to Mithril Resources Ltd on all commodities that may occur in the tenement in the event of any future production of minerals, capped at a maximum aggregate royalty of \$250,000.
- iii) Eginbah Agreement - sale and purchase agreement dated 19 November 2020 – consideration for the acquisition of tenement E45/5022 pay the sum of \$10,000 and issue 250,000 shares in the capital of the Company to Great Sandy.
- iv) Niagara Agreement - 8AU has entered into a farm-in agreement with Great Sandy, under which 8AU can earn an 80% interest in Exploration Licence E40/383 and to form a joint venture between 8AU and Great Sandy upon 8AU obtaining the 80% interest in E40/383. In order to earn the 80% interest in E40/383, 8AU must:
 - (1) pay \$10,000 to Great Sandy towards reimbursement of Great Sandy's costs and expenses incurred in respect of the Tenement, within 7 days of receiving confirmation from ASX that it will admit 8AU to the Official List of ASX; and
 - (2) during the period commencing on the date that ASX confirms that it will admit 8AU to the Official List of ASX and 13 April 2025, incur in each tenement year not less than 1.5 times the minimum annual expenditure to be spent for that year pursuant to the terms of E40/383. The aggregate minimum expenditure requirement over 5 years is \$138,000.

8AU has a right to buy out the remaining 20% on valuation and has a first and last right over any disposal of the 20%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021**

2) Talga Farm-In:

- i) 8AU and First Au Limited ("FAU") have entered into a farm-in and joint venture agreement ("Talga Agreement") under which 8AU can earn up to an 80% interest in the tenements forming the Talga Gold and Base Metals Project located in the East Pilbara region of Western Australia ("Talga Project"). On 30 June 2021, this agreement was extended to 30 September 2021.
- ii) Commencement of the farm-in and joint venture is conditional upon a number of conditions being satisfied, including those noted above, due diligence and required shareholder and/or regulatory approvals being obtained.
- iii) 8AU will acquire a 50.1% undivided and unencumbered interest in the tenements as a tenant in common ("Stage 1 Interest") upon:
 - (1) 8AU making a payment on the date upon which all conditions precedent other than there being not material adverse event have been satisfied ("Effective Date") of a maximum of \$180,000, as reimbursement of expenditure incurred by FAU directly in connection with IP survey costs prior to the date of the Talga Agreement, at which time 8AU will be deemed to have a 10% interest in the Tenements; and
 - (2) 8AU incurring Expenditure of not less than \$300,000 within one (1) year of the Effective Date ("Stage 1 Period"), at which time the interest of 8AU in the tenements will increase by 40.1%, from 10% to 50.1%.
- iv) If 8AU earns the Stage 1 Interest, then 8AU will hold an 50.1% interest and FAU will hold a 49.9% interest in the tenements as tenants in common. Subject to satisfaction of the condition's precedent, 8AU is committed to incurring the Expenditure required to acquire the Stage 1.
- v) Subject to 8AU earning the Stage 1 Interest, FAU grants 8AU the right, but not the obligation, to acquire a further 19.9% undivided and unencumbered interest in the Tenements as a tenant in common ("Stage 2 Interest") by incurring aggregate Expenditure (inclusive of Expenditure incurred in connection with obtaining the Stage 1 Interest) of not less than \$600,000 within two (2) years of the Effective Date ("Stage 2 Period"). 8AU may exercise its right to acquire the Stage 2 Interest by giving the Company notice in writing within 21 days from the end of the Stage 1 Period. In the event 8AU elects to exercise its right to acquire the Stage 2 Interest, 8AU is committed to incurring the Expenditure required to acquire the Stage 2 Interest.

In the event that 8AU does not make an election to earn the Stage 2 Interest within 21 days from the end of the Stage 1 Period, the parties will be in a joint venture where 8AU will hold a 50.1% interest and the Company will hold a 49.9% interest.

If 8AU earns the Stage 2 interest then 8AU will hold an 70% interest and the Company will hold a 30% interest in the Tenements as a tenants in common.
- vi) Subject to 8AU earning the Stage 2 Interest, FAU grants 8AU the right, but not the obligation, to acquire a further 10% undivided and unencumbered interest in the Tenements as a tenant in common ("Stage 3 Interest") by incurring aggregate Expenditure (inclusive of aggregate Expenditure incurred in connection with obtaining the Stage 1 Interest and Stage 2 Interest) of not less than \$900,000 within three (3) years of the Effective Date ("Stage 3 Period"). 8AU may exercise its right to acquire the Stage 3 Interest by giving the Company notice in writing within 21 days from the end of the Stage 2 Period. In the event 8AU elects to exercise its right to acquire the Stage 3 Interest, 8AU is committed to incurring the Expenditure required to acquire the Stage 3 Interest.

In the event that 8AU does not make an election to earn the Stage 3 Interest within 21 days from the end of the Stage 2 Period, the parties will be in a joint venture where 8AU will hold a 70% interest and the Company will hold a 30% interest.

If 8AU earns the Stage 3 interest then 8AU will hold an 80% interest and the Company will hold a 20% interest in the Tenements as a tenants in common.

From the point at which 8AU earns the Stage 3 Interest, the Company will be free-carried through to a decision to mine in respect of the Talga Project.
- vii) References above to "Expenditure" means all outgoing (including rents, rates, survey fees and other fees and charges under any applicable legislation or otherwise directly connection with the Tenements) and all costs and expenses incurred by or on behalf of 8AU in respect of any activity directly connected to the discovery, location and delineation

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DATE OF INCORPORATION TO 30 JUNE 2021**

of minerals on the Tenements and any activities which are reasonably incidental thereto including, without limitation, undertaking feasibility studies, drilling, maintaining the Tenements and accessing the land on which the Tenements are located.

3) Rich Well Share Sale Agreement:

- i) The Company has entered into a binding but conditional Share Purchase Agreement (“SPA”) to acquire all of the issued capital of Rich Well Resources Pty Ltd (“Rich Well”) from Attgold Pty Ltd and Anne Maree Richardson (collectively the “Rich Well Vendors”). Simon Paul Attwell and Brian Dudley Richardson, being the directors of Rich Well, executed the SPA to fulfill certain obligations thereunder (Guarantors). On 16 June 2021, this agreement was extended to 30 September 2021.
- ii) The consideration payable by the Company to the Rich Well Vendors for the acquisition of all the issued capital of Rich Well comprises:
 - (1) Cash consideration of \$20,000, A deposit was paid during January 2021.
 - (2) An aggregate of 2,500,000 Shares at completion of the acquisition by 8AU of Rich Well; and
 - (3) The right to receive up to an aggregate of 2,500,000 Shares at a deemed issue price of \$0.20, in four equal tranches of 625,000 Shares upon the grant of each of four tenement applications held by Rich Well, being: E45/5813, E45/5815, E80/5455 and E80/5459.
- iii) At completion;
 - (1) Rich Well Vendors will deliver the shares in the issued capital to 8AU and
 - (2) 8AU will deliver 2,500,000 shares in 8AU to Rich Well Vendors.

4) Matlock Geological Services Option Agreement:

- i) On 12 November 2020, 8AU entered into an option agreement (“Option”) with Matlock Geological Services Pty Ltd (“MGS”), which grants 8AU an option to acquire exploration licence EL39/2067.
- ii) An option fee of \$100,000 was paid by 8AU in accordance with this agreement dated 12 November 2020. The term of the Option expires on 30 June 2021.
- iii) On 28 May 2021, 8AU entered into a Deed of Variation to Deed of Option. This variation extended the end date to 29 October 2021 and required a further payment of \$100,000.
- iv) On 24 August 2021, 8AU entered into a Second Deed of Variation to Deed of Option. This variation extended the end date to 31 December 2021.
- v) To exercise its option, 8AU must, during the term of the option, execute a Sale and Purchase Agreement (the terms of which have been agreed under the Option). If the Sale and Purchase Agreement is executed, in consideration for acquiring the Tenement and subject to the satisfaction of the condition’s precedent, at completion, 8AU will pay \$300,000 to MGS.

5) Photios Mining Property Sale & Purchase Agreement:

- i) The Company has entered into a conditional binding sale and purchase agreement (the Agreement) with Michael John Photios and Robert William Halligan (referred to collectively as the “Sellers”) and Terranora Limited (referred to as the “Finder”) to acquire an 80% interest in various tenements.
- ii) In consideration for an 80% interest in the tenements, the Company will provide both cash and share consideration to the Sellers at completion of the sale. The cash consideration is an amount of \$750,000 and the share consideration is 4,750,000 fully paid ordinary shares in 8AU (“Share Consideration”). The Sellers have nominated the Finder to receive the Share Consideration from 8AU in connection with services that the Finder has provided to the Sellers.

16 Financial Asset

	30 June 2021
	\$
Deposit paid Rich Well Resources Pty Ltd (Refer Note 15(3))	20,000

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8 AU LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of 8 AU Limited, which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of 8 AU Limited, is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the period then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(i), "Going Concern" in the financial report which indicates that the company incurred a net loss of \$522,207 for the period ended 30 June 2021. As stated in Note 1(i), this event along with other matters as set forth in note 1(i), including any potential impact of the COVID-19 coronavirus on the company, indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF 8 AU LIMITED (CONTINUED)**

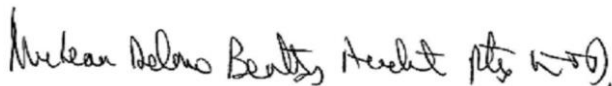
Auditor's Responsibilities for the Audit of the Financial Report

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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

We communicate with those charged with governance 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.



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome
Partner

Hawthorn
27 August 2021