

**LARCHMONT INVESTMENTS PTY LTD**

**ABN: 98 63 196 823**

**CONSOLIDATED FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 June 2020**

# **LARCHMONT INVESTMENTS PTY LTD**

## **DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2020**

The Directors of Larchmont Investments Pty Ltd present their report together with the financial statements of the consolidated entity, being Larchmont Investments Pty Ltd (the Company) and its Controlled Entities (the Group) for the year ended 30 June 2020.

### **DIRECTORS**

The following persons were Directors of Larchmont Investments Pty Ltd during or since the end of the financial year:

James Peter Guest Thompson	(appointed 1 December 2017)
Sonja Louise Newman Heath	(appointed 1 December 2017)

Mr James Peter Guest Thompson also acts as the Group Secretary.

The directors have been in office since the date of incorporation to the date of this report unless otherwise stated.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Group are exploration and development of mineral resources.

### **RESULTS**

The loss of the Group attributable to the equity holders of Larchmont Investments Pty Ltd for the financial year amounted to \$72,234 (2019 Financial Year: \$189,073).

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Other than as reported in the subsequent events section below, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### **ENVIRONMENTAL REGULATION**

The Group's operations are subject to the relevant State and Commonwealth regulations of Australia and Canada pertaining to exploration and development activities. The Directors do not believe the Group to be in breach of these regulations.

### **EVENTS SUBSEQUENT TO REPORTING DATE**

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

### **LIKELY DEVELOPMENTS**

Please refer to the events subsequent to the reporting date paragraph above.

**LARCHMONT INVESTMENTS PTY LTD**

**DIRECTORS REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**DIVIDENDS**

No dividends were paid or declared by the Group during the year or since the end of the year.

**SHARE OPTIONS**

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

**INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Group.

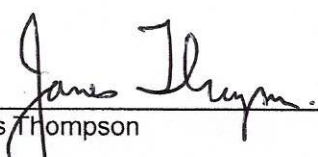
**PROCEEDINGS ON BEHALF OF GROUP**

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of these proceedings. The Group was not a party to any such proceedings during the year.

**AUDITORS INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3.

Signed in accordance with a resolution of the Board of Directors:

  
James Thompson

Dated at Perth: 30 September 2020

30 September 2020

Board of Directors  
Larchmont Investments Pty Limited  
c/o Kennerlys  
37 Ord Street  
West Perth, WA 6005

Dear Directors

**RE: LARCHMONT INVESTMENTS PTY LTD**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Larchmont Investments Pty Ltd.

As the Audit Director for the audit of the financial statements of Larchmont Investments Pty Ltd for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**



**Martin Michalik**  
Director

**LARCHMONT INVESTMENTS PTY LTD**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
<b>INCOME</b>		
Interest Income	-	-
<b>TOTAL INCOME</b>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>		
Exploration expenditure	(21,602)	(195,549)
Administration	(42,963)	(8,101)
Travelling expenses	(1,102)	(1,741)
Other expenses	(11,671)	(18,836)
<b>TOTAL EXPENSES</b>	<u>(77,338)</u>	<u>(224,227)</u>
<b>LOSS BEFORE TAX</b>	<u>(77,338)</u>	<u>(224,227)</u>
Income tax expense	-	-
<b>LOSS AFTER TAX</b>	<u>(77,338)</u>	<u>(224,227)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Items that may be reclassified subsequently to the profit or loss	3,652	15,879
Items that will not be reclassified to the profit or loss	-	-
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<u>3,652</u>	<u>15,879</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<u>(73,686)</u>	<u>(208,348)</u>
<b>NET PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:</b>		
• Non-controlling interest	(5,104)	(35,154)
• Equity holders of the Larchmont Investments Pty Ltd	(72,234)	(189,073)
	<u>(77,338)</u>	<u>(224,227)</u>
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:</b>		
• Non-controlling interest	(4,373)	(31,978)
• Equity holders of the Larchmont Investments Pty Ltd	(69,313)	(176,370)
	<u>(73,686)</u>	<u>(208,348)</u>

The accompanying notes form an integral part of the financial statements.



**LARCHMONT INVESTMENTS PTY LTD**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	15,143	8,762
<b>TOTAL CURRENT ASSETS</b>		<u>15,143</u>	<u>8,762</u>
<b>NON-CURRENT ASSETS</b>			
Capitalised Exploration Expenditure	5	441,532	441,532
<b>TOTAL NON-CURRENT ASSETS</b>		<u>441,532</u>	<u>441,532</u>
<b>TOTAL ASSETS</b>		<u><b>456,675</b></u>	<u><b>450,294</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	11,367	76,090
<b>TOTAL CURRENT LIABILITIES</b>		<u>11,367</u>	<u>76,090</u>
<b>NON-CURRENT LIABILITIES</b>			
Shareholder Advance	7	853,580	708,790
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>853,580</u>	<u>708,790</u>
<b>TOTAL LIABILITIES</b>		<u><b>864,947</b></u>	<u><b>784,880</b></u>
<b>NET ASSETS/(DEFICIENCIES)</b>		<u><b>(408,272)</b></u>	<u><b>(334,586)</b></u>
<b>EQUITY</b>			
Share capital		3	3
Reserve		15,624	12,703
Retained earnings		(389,652)	(317,418)
		<u><b>(374,025)</b></u>	<u><b>(304,712)</b></u>
Non-Controlling Interest	8	(34,247)	(29,874)
<b>TOTAL EQUITY</b>		<u><b>(408,272)</b></u>	<u><b>(334,586)</b></u>

The accompanying notes form an integral part of the financial statements.

LARCHMONT INVESTMENTS PTY LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020

	Share Capital	Foreign Currency Translation Reserves	Accumulated Losses	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>3</b>	<b>12,703</b>	<b>(317,418)</b>	<b>(29,874)</b>	<b>(334,586)</b>
Loss for the year			(72,234)	(5,104)	(77,338)
Other Comprehensive loss					
Movement in Foreign Exchange Translation Reserves	-	2,921	-	731	3,652
<b>Total Comprehensive loss for the year</b>	<b>-</b>	<b>2,921</b>	<b>(72,234)</b>	<b>(4,373)</b>	<b>(73,686)</b>
Issue of Share Capital	-	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>3</b>	<b>15,624</b>	<b>(389,652)</b>	<b>(34,247)</b>	<b>(408,272)</b>

**LARCHMONT INVESTMENTS PTY LTD**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**

	Share Capital	Foreign Currency Translation Reserves	Accumulated Losses	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>3</b>	<b>-</b>	<b>(128,345)</b>	<b>-</b>	<b>(128,342)</b>
Loss for the year			(189,073)	(35,154)	(224,227)
Other Comprehensive loss					
Movement in Foreign Exchange Translation Reserves	-	12,703	-	3,176	15,879
<b>Total Comprehensive loss for the year</b>	<b>-</b>	<b>12,703</b>	<b>(189,073)</b>	<b>(31,978)</b>	<b>(208,348)</b>
Issue of Share Capital	-	-	-	2,104	2,104
<b>Balance at 30 June 2019</b>	<b>3</b>	<b>12,703</b>	<b>(317,418)</b>	<b>(29,874)</b>	<b>(334,586)</b>

The accompanying notes form an integral part of the financial statements.



**LARCHMONT INVESTMENTS PTY LTD**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>OPERATING ACTIVITIES</b>			
Payments to suppliers		(62,319)	(182,495)
<b>Net cash used in operating activities</b>		(62,319)	(182,495)
<b>INVESTING ACTIVITIES</b>			
Acquisition of Capitalised Exploration Assets	5	(76,090)	(365,442)
Acquisition of subsidiaries, net of cash acquired	8	-	(8,416)
<b>Net cash used in Investing activities</b>		(76,090)	(373,858)
<b>FINANCING ACTIVITIES</b>			
Shareholder Advance	7	144,790	565,115
<b>Net cash from financing activities</b>		144,790	565,115
Net change in cash and cash equivalents		6,381	8,762
Cash and cash equivalents, beginning of year		8,762	-
<b>Cash and cash equivalents, end of year</b>	4	15,143	8,762

The accompanying notes form an integral part of the financial statement.

## **LARCHMONT INVESTMENTS PTY LTD**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

#### **1. Reporting Entity**

Larchmont Investments Pty Ltd is the Group's Ultimate Parent Company limited by shares, incorporated on 1 December 2017 and domiciled in Australia. The address of the Company's registered office is 37 Ord Street WEST PERTH WA 6005

During the prior year, The Group acquired 80% equity of Noronex Ltd (Noronex), a Canadian based business, thereby obtaining control as at 20 June 2018 but commenced operation from 1 July 2018.

#### **2. Basis of Preparation**

##### **a) Statement of Compliance**

The directors have prepared the financial statements on the basis that the Group is a non-reporting entity. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

The special purpose financial report has been prepared in accordance with the recognition and measurement aspects of all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

The financial report does not include the disclosure requirements of all AASBs except for the following minimum requirements:

AASB 6	Exploration for and Evaluation of Mineral Resources
AASB 9	Financial Instruments
AASB 101	Presentation of Financial Statements
AASB 107	Cash Flow Statements
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 1048	Interpretation of Standards

##### **b) Basis of Measurement**

The financial statements have been prepared on a historical cost basis.

##### **c) Functional and Presentation Currency**

These financial statements are presented in Australian dollars, which is the Company's functional currency. The function currency and presentation currency of its subsidiary is Canadian dollars.

## **LARCHMONT INVESTMENTS PTY LTD**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

#### **d) Use of Estimates and Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

#### **e) Significant Accounting Judgements, Estimates and Assumptions**

No significant judgements, estimates and assumptions were required to be made in the preparation of this financial report.

#### **f) Going Concern**

The Group reported a loss for the year of \$77,338.

As at 30 June 2020, the consolidated entity had a net asset deficiency of \$408,272 and cash and cash equivalents of \$15,143.

During the year, the Company explored and renewed its mineral licences in the ordinary course of business and acquired the Onaman project. The Board has resolved to pay the Company's outstanding liabilities in full.

The Group will be financially supported by the shareholders as and when need arises for financial support.

### **3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to the year presented in these financial statements.

#### **a) Foreign Currency Transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

#### **b) Financial Instruments**

In the year the Group adopted AASB 9 Financial Instruments. The Group's only financial asset in the year was cash and its only financial liabilities comprised trade payables and accruals. The treatment of these items remains unchanged on the adoption of AASB 9

##### **i) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.



LARCHMONT INVESTMENTS PTY LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

ii) Other financial liabilities

Other financial liabilities comprise shareholder loans, trade and other payables.

c) Exploration and Evaluation Assets

As previously disclosed, the Group's accounting policy for the treatment of its exploration and evaluation expenditures is:

*Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated 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 accumulated costs written off to the extent 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.*

Larchmont's board considers the Group's accounting policy is in accordance with the requirements of AASB 6.

4. Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank	15,143	8,762
<b>Total cash and cash equivalents</b>	<b>15,143</b>	<b>8,762</b>

5. Capitalised Exploration Expenditure

	2020	2019
	\$	\$
Opening Balance	441,532	-
Expenditure incurred	-	441,532
<b>Closing Balance</b>	<b>441,532</b>	<b>441,532</b>

6. Trade and Other Payables

	2020	2019
	\$	\$
Accounts payables and accruals	12,396	76,090
Tax Payable/(Receivable)	(1,029)	-
<b>Total trade and other payables</b>	<b>11,367</b>	<b>76,090</b>



**LARCHMONT INVESTMENTS PTY LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**7. Shareholder Advance**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Opening Balance	708,790	143,675
Movements in Shareholder Advance	144,790	565,115
<b>Closing Balance</b>	<b>853,580</b>	<b>708,790</b>

The shareholder advance is interest-free and it will not be demanded by the shareholders within 12 months after the date of signing of the financial statements.

**8. Interests in subsidiaries**

**8.1 Composition of the Group**

The Group includes one subsidiary, Noronex Ltd, with material non-controlling interests (NCI):

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at year end	
			2020	2019
Noronex Ltd	Canada	Exploration and evaluation	80%	80%

**8.2 Subsidiary with material non-controlling interests**

Name	Proportion of NCI ownership interests and voting rights Principal activity		Profit allocated to NCI		Accumulated NCI	
	2020	2019	2020	2019	2020	2019
Noronex Ltd	20%	20%	5,104	35,154	34,247	29,874

**9. Commitment and Contingent Liabilities**

The Group does not have any commitments and contingent liabilities as at 30 June 2020.

LARCHMONT INVESTMENTS PTY LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

10. Subsequent Events

On 23 July 2020, The Group announced that it had entered into a binding term sheet **(Term Sheet)** pursuant to which it has agreed, subject to satisfaction of certain conditions precedent, to sell 80% of its issued capital to Lustrum Minerals Limited (ACN 609 594 005) (ASX: LRM) **(Lustrum or the Company Lustrum) (Proposed Acquisition)**. As a condition precedent to the Proposed Acquisition, Larchmont will also be assigned an option to acquire up to a 95% interest in three exclusive prospecting licences that are prospective for sedimentary Cu-Ag mineralisation along the prolific Kalahari Copper Belt that spans Namibia and Botswana **(Namibian Projects)**.

The consideration payable at Settlement under the Larchmont Agreement is 24,000,000 Shares and a cash fee of \$339,461, being a reimbursement for expenditure that has been incurred on the Canadian Projects to date.

The Proposed Acquisition is conditional on the Lustrum obtaining all necessary regulatory and Shareholder approvals to effect the Proposed Acquisition and satisfying all other requirements of ASX for the reinstatement to official quotation of the Lustrum's Shares on the ASX (among other things) **(Approvals)**.

The Approvals are being sought at a meeting of Lustrum's Shareholders scheduled for 30 September 2020. For further details of the meeting and the resolutions being put forward, please refer to the Lustrum's notice of meeting **(NOM)** released to ASX on 1 September 2020 and the addendum to the NOM released 8 September 2020.

There were no other events subsequent to the reporting date that required disclosure.

**LARCHMONT INVESTMENTS PTY LTD**

**DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2020**

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Company is not a reporting entity, and these are special purpose financial statements.

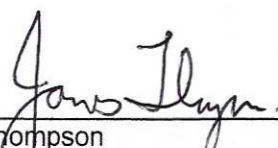
The directors of the Company declare that the financial statements and notes:

- a) comply with the accounting policies as detailed in note 2 to the financial statements; and
- b) presents fairly, in all material respects, the group 's financial position as at 30 June 2020 and of its performance for the year ended on that date.

In the directors' opinion

- c) there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

Signed on behalf of the directors.

  
James Thompson

Dated at Perth: 30<sup>th</sup> day of September 2020

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LARCHMONT INVESTMENTS PTY LIMITED**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report, being a special purpose financial report of Larchmont Investments Pty Limited (the Company) and its subsidiaries (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration. The consolidated entity comprises both Larchmont Investments Pty Ltd (the Company) and the entities it controlled during the year end.

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its financial performance for the period then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 2 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 consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### **Emphasis of Matter – Basis of Accounting**

Without modifying our opinion, we draw attention to Note 2 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a



result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### **Material Uncertainty Relating to Going Concern and Capitalised Exploration Costs**

i) As referred to in Note 2(f) to the financial statements, the financial statements of the consolidated entity have been prepared on a going concern basis. As at 30 June 2020, the consolidated entity had a net asset deficiency of \$408,272 and cash and cash equivalents of \$15,143. The consolidated entity had incurred a loss after tax attributable to the equity holders of Larchmont Investments Pty Ltd of \$72,234 for the year ended 30 June 2020.

The ability of the consolidated entity to continue as a going concern and meet its planned exploration and administration commitments is dependent upon the consolidated entity being fully financially supported by its shareholders and raising further capital. In the event the consolidated entity is not fully financially supported by its shareholders and/or unsuccessful in raising further capital to meet its needs, the consolidated entity may not be able to meet its liabilities as and when they fall due and the realisable value of the consolidated entity's current and non-current assets may be significantly less than book values.

ii) The consolidated entity had capitalised exploration and evaluation expenditure as per Note 5 of the financial statements totalling \$441,532 as at 30 June 2020. The recoverability of the consolidated entity's carrying value of capitalised exploration and evaluation expenditure is dependent on the successful commercial exploitation of the assets and/or sale of the assets to generate sufficient funds to at least that of their carrying values. In the event that the consolidated entity is not successful in commercial exploitation and/or sale of the assets, the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

### **Responsibilities of the Directors for the Financial Report**

The directors of the consolidated entity 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 requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The director's 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 consolidated entity 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 consolidated entity or to cease operations, or has 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. An audit involves

performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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 consolidated entity'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 consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
30 September 2020