Rincon Resources Limited

ABN 54 628 003 538

General Purpose Financial Report

for the year ended 30 June 2020

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CORPORATE DIRECTORY

Rincon Resources Limited is an Australian public company focused on the acquisition, exploration and development of commercially significant resource projects in Western Australia, with a focus on gold and base metals.

The Company was incorporated in Western Australia on 7 August 2018. Current relevant information is as follows:

DIRECTORS
Mr Geoffrey McNamara
(Executive Chairman)

Mr Zeffron Reeves
(Non-Executive Director)

Ms Shannon Coates
(Non-Executive Director)

Mr Blair Sergeant
(Non-Executive Director)

COMPANY SECRETARY
Mr Zane Lewis

REGISTERED OFFICE
Suite 5
62 Ord Street
WEST PERTH WA 6005

AUDITORS
RSM Australia Partners
Level 32 Exchange Tower
2 The Esplanade
PERTH WA 6000

The Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the group') consisting of Rincon Resources Limited (referred to hereafter as the 'Company', 'Rincon' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were Directors of Rincon Resources Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Geoffrey McNamara –Executive Chairman *(appointed as Executive Chairman 8 September 2020)*
Zeffron Reeves – Non-Executive Director
Shannon Coates – Non-Executive Director
Blair Sergeant – Non-Executive Director *(appointed 18 August 2020)*

Principal activities

The principal activities of the consolidated entity are the acquisition, exploration and development of commercially significant resource projects in Western Australia, with a focus on gold and base metals.

Review of operations

The Company continued to advance priority exploration projects within the portfolio during the reporting period. This work has defined targets which require further exploration activities at all three projects, as detailed below.

TELFER PROJECT

The South Telfer project is located approximately 1,300 km north-northeast of Perth and between 10 and 20 km south and southeast of the Telfer gold mine. The Company holds six exploration licences and two prospecting licences which cover a total area of approximately 524 km².

A number of important milestones were reached during the reporting period:

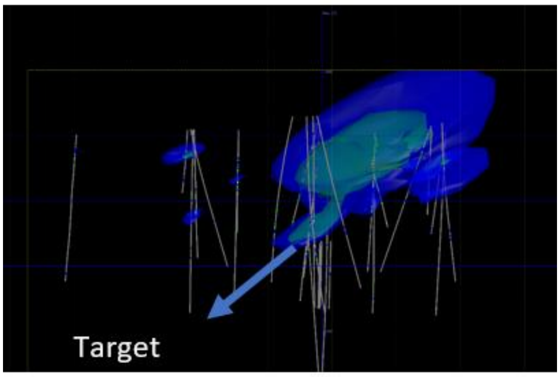
- Grant by the DMIRS of remaining tenements within the Telfer Project;
- Native title Land Access and exploration agreement reached with native title holders;
- Approval for a Program of Works by DMRIS for drilling at the Hasties Prospect;
- Purchase and re-processing of airborne geophysical data sets leading to prioritization of targets; and
- Initial drill planning at the outcropping Hastie's Prospect.

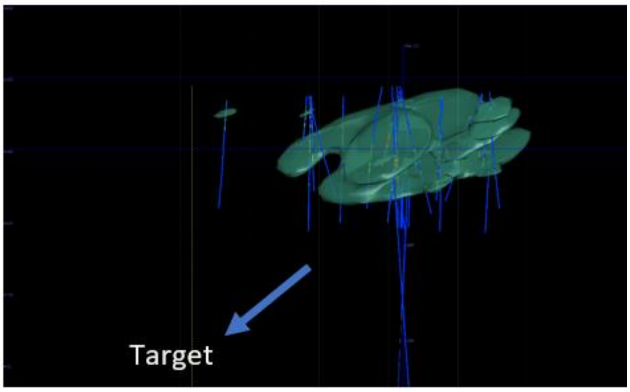
Despite the long exploration history, drilling within the South Telfer project tenements is limited. Several prospective regional trends have been identified within the project area utilising the historical drilling, geochemistry and geophysical data sets. The South Telfer project area contains more than 50 km of the prospective stratigraphy that hosts the Telfer gold mine.

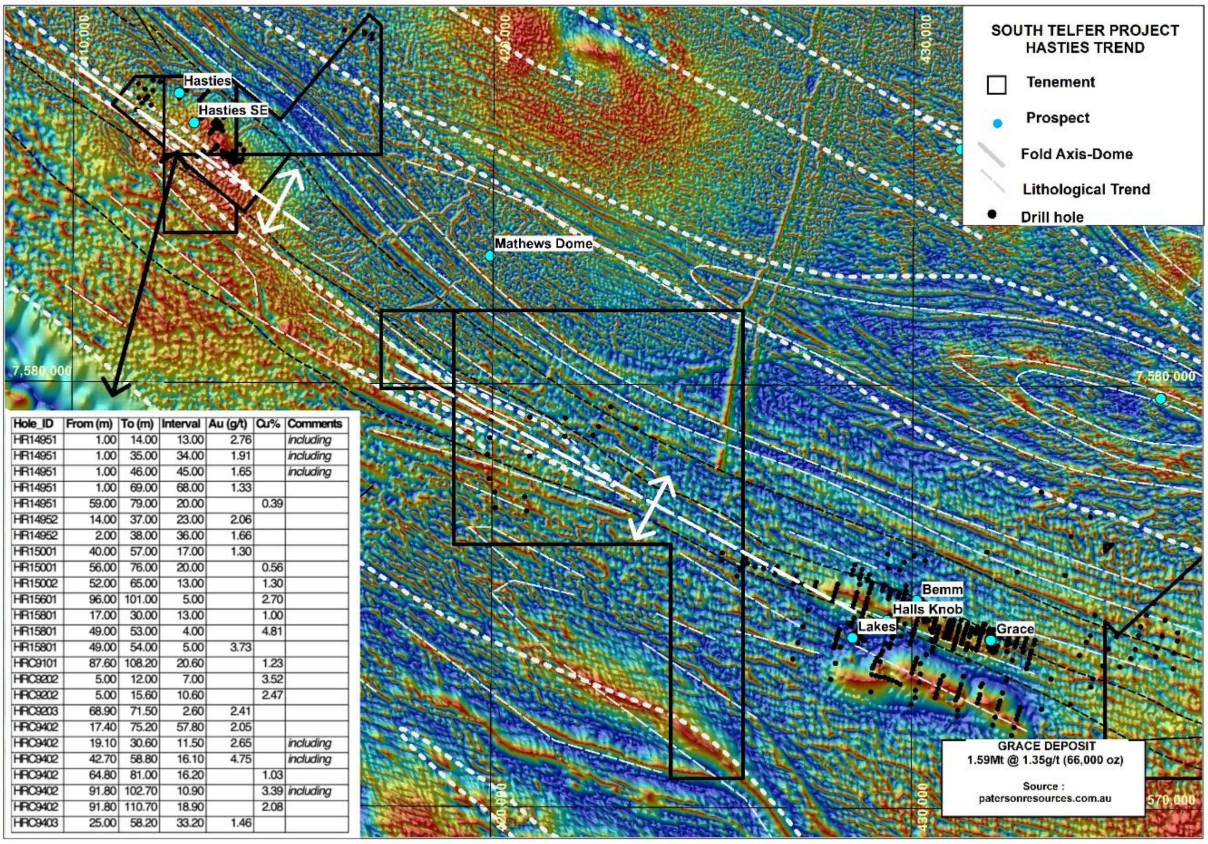
Historical drilling by Newcrest over the past 20 years intersected significant gold and copper mineralisation within the Telfer Project.

At the Hastie's Prospect, located to the southwest of the Telfer gold mine, favourable structural domains are considered similar to the Telfer mine stratigraphy.

3D modelling of the Hasties Project areas has identified untested potential plunge extensions to the copper-gold mineralised zone which Rincon plans to test with drilling.

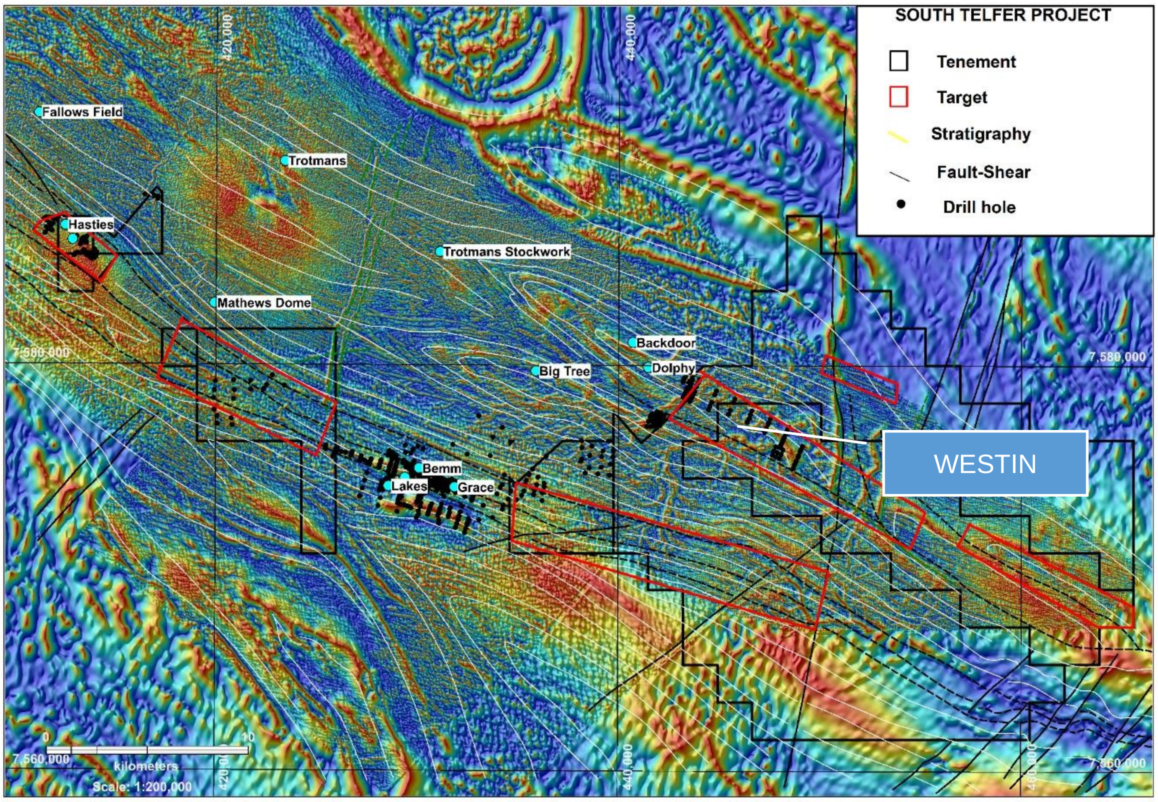






Hole_ID	From (m)	To (m)	Interval	Au (g/t)	Cu%	Comments
HR14951	1.00	14.00	13.00	2.76		*including*
HR14951	1.00	35.00	34.00	1.91		*including*
HR14951	1.00	46.00	45.00	1.65		*including*
HR14951	1.00	69.00	68.00	1.33		
HR14951	59.00	79.00	20.00		0.39	
HR14952	14.00	37.00	23.00	2.06		
HR14952	2.00	38.00	36.00	1.66		
HR15001	40.00	57.00	17.00	1.30		
HR15001	56.00	76.00	20.00		0.56	
HR15002	52.00	65.00	13.00		1.30	
HR15601	96.00	101.00	5.00		2.70	
HR15801	17.00	30.00	13.00		1.00	
HR15801	49.00	53.00	4.00		4.81	
HR15801	49.00	54.00	5.00	3.73		
HRC9101	87.60	108.20	20.60		1.23	
HRC9202	5.00	12.00	7.00		3.52	
HRC9202	5.00	15.60	10.60		2.47	
HRC9203	68.90	71.50	2.60	2.41		
HRC9402	17.40	75.20	57.80	2.05		
HRC9402	19.10	30.60	11.50	2.65		*including*
HRC9402	42.70	58.80	16.10	4.75		*including*
HRC9402	64.80	81.00	16.20		1.03	
HRC9402	91.80	102.70	10.90		3.39	*including*
HRC9402	91.80	110.70	18.90		2.08	
HRC9403	25.00	58.20	33.20	1.46		

Further east, at the Westin Prospect, historical wide spaced aircore drilling has defined a 5 km long gold anomaly, interpreted as part of the regional Telfer Mineralisation Trend. The mineralised target zone is under 20 to 100 m of sand and sedimentary cover and is open for a further 20-25 km to the southeast with limited to no exploration. Further exploration will comprise surface geochemistry, mapping, geophysical surveys and drilling.



LAVERTON PROJECT

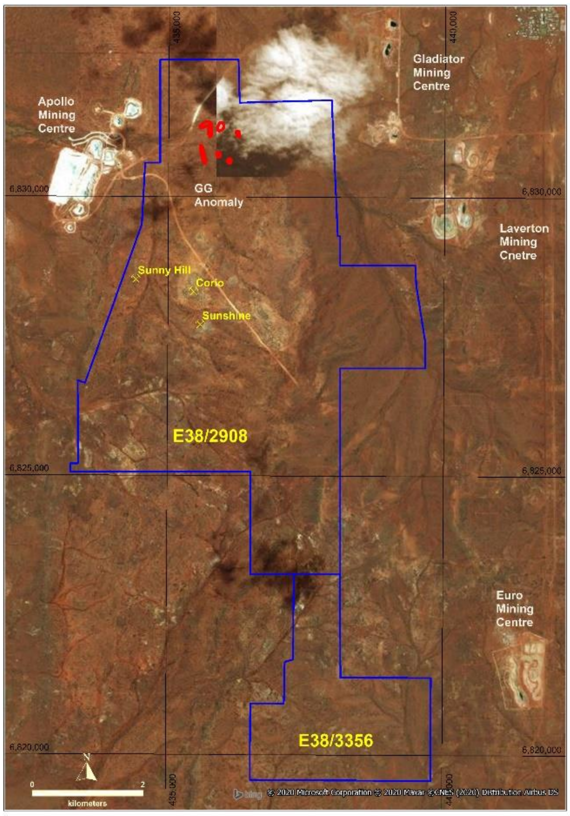
The Laverton project is located approximately 720 km east-northeast of Perth and close to the town of Laverton. The Company holds two exploration licences which cover a total area of approximately 48 km² within the Mt Margaret-Murrin Greenstone belt, an area which is considered highly prospective for gold mineralisation. The regionally significant gold mines of Wallaby and Granny Smith are located to the south and southeast of the project area respectively.

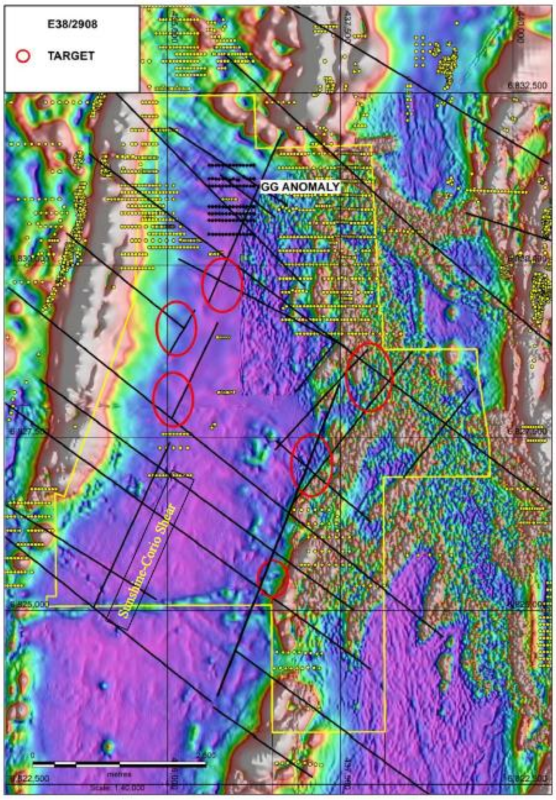
Gold mineralisation in the Laverton district is often associated with and hosted by Banded Iron Formations (BIF) in favourable structural settings. The Laverton project covers approximately 11 km of strike of the underexplored BIF, covering the southern strike extensions of the historical Gladiator gold deposits.

The target BIF has been relatively unexplored due to the presence of thin alluvial cover (generally <5 m) and recent magnetic data interpretation has highlighted a number of prospective targets where the BIF interacts with favourable northwest trending structures, which are associated with gold mineralisation elsewhere in the Mt Margaret-Murrin Greenstone belt.

Historical gold occurrences, Sunshine, Corio and Sunny Hill, are located within the tenements area, associated with northerly striking Sunshine-Corio Shear Zone (SCSZ) along the western side of the project.

Soil sampling completed by the Company during the reporting period targeting the northern part of the SCSZ outlined the "GG" Au-As anomaly which requires follow-up work.



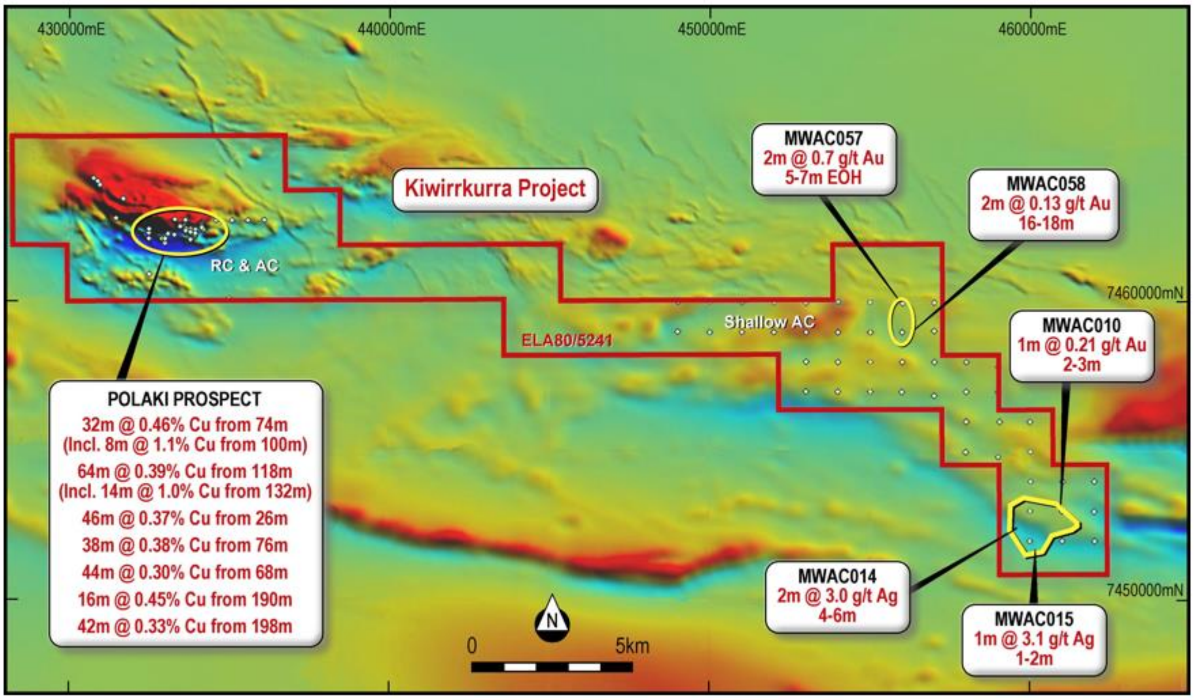


A number of targets interpreted to have a similar structural setting to the GG Anomaly have been identified and will be tested initially with geochemical surveys prior to aircore drilling.

Kiwirrkurra project

The Kirwirrkurra project is located approximately 1,600 km northeast of Perth proximal to the Northern Territory border. The Company holds one exploration licence which covers a total area of approximately 126 km². The Kirwirrkurra project area is considered prospective for gold and IOCG type gold and base metals.

Historical drilling on the main Pokali prospect is relatively shallow compared to the apparent size of the system, with several drill holes finishing in elevated copper mineralisation (+0.1% copper grades). The drill holes are relatively shallow exploration holes, some with low to moderate copper mineralisation intersected for almost the full length of the drill holes. The anomalism in soil geochemistry data has an open strike extent of 4 km, and a strike width of up to 1.25 km, demonstrating the significant size of the mineralised system.



Exploration has been relatively sporadic and no exploration appears to have been completed since 2012. Much of the previous exploration within the project area focused on IOCG potential of the Pokali prospect at the western end of the tenement.
The Company plans to collate and re-process all historical geophysical data prior to further geophysics and drilling.

Corporate Activities

During the year ended 30 June 2020 the Company issued a total of 35,491,261fully paid ordinary shares as follows:

- 2,000,000 shares for conversion of partial loan with Tanamera Resources Pte Ltd;
- 84,033 shares in consideration for director fees;
- issue and subsequent cancellation of 840,336 Introduction Shares issued to Linkwood Holdings;
- Share buyback of 3,000,000 shares for cash of $250,000;
- 32,528,916 shares issued at $0.0166 per share raising $539,980 before costs;
- 616,265 shares issued in lieu of capital raising fees;
- 250,000 shares issued in accordance with the capital raising Lead Manager Mandate;
- 3,012,047 shares as exclusivity fees.

Information on Directors

Geoffrey McNamara Executive Chairman *(appointed as Executive Chairman 8 September 2020)*
BSc (Applied Geology), AusIMM, FINSIA, AICD
Mr McNamara is a geologist with over 25 years of international resource sector experience, operational roles include Project Manager, Senior Mine Geologist and Mine Geologist for Ivanhoe Mines, Lion Ore International and Western Mining Corporation. Mr McNamara is currently a non-executive director of Tesoro Resources Ltd (ASX:TSO). Previously he worked in Private Equity (FUM USD800 million) and as a Director of Societe General's Mining Finance team in New York. Geoffrey holds a Bachelors degree in Geology and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia. He is a member of the Australian Institute of Company Directors (AICD) and the Australasian Institute of Mining and Metallurgy (AusIMM).

Zeffron Reeves Non-Executive Director
BSc (Hons) (Applied Geology), MBA, MAIG
Mr Reeves is a geologist with over 20 years' experience in the resources sector working on mineral resource projects through all facets of development from greenfield exploration, discovery, definition and feasibility, construction, production to closure. Mr Reeves is currently Managing Director of Tesoro Resources Ltd (ASX:TSO) and was most recently Managing Director of Metallum Ltd (ASX:MNE), both of which have had a number of development and operational projects in Chile. He has also held senior management positions with Cleveland Mining Ltd (ASX:CDG) and Ashburton Minerals Ltd (ASX:ATN), developing projects in Brazil. Mr Reeves has a Bachelor of Applied Geology (Honours) a Masters of Business Administration from Curtin University and is a member of the Australia Institute of Geoscientists.

Shannon Coates Non-Executive Director
LLB, BJuris, AGIA, ACIS, GAICD
Ms Coates is a qualified lawyer with over 20 years' experience in corporate law and compliance. She is currently non-executive director of ASX listed companies Vmoto Limited and Kopore Metals Limited and company secretary to a number of public unlisted and ASX listed companies. She has significant experience in a wide range of corporate and commercial matters, including strategy, remuneration, mergers and acquisitions, debt and equity capital markets, risk management and compliance, regulation and corporate governance, both in Australia and internationally. Shannon holds a Bachelor of Laws from Murdoch University, is a Chartered Secretary and a graduate of the AICD's Company Directors course. She is a past recipient of the West Australian Women in Mining scholarship and was selected for the AICD Chairman's Mentoring Program.

Blair Sergeant Non-Executive Director *(appointed 18 August 2020)*
(B. Bus, PostGradDip (CorpAdmin), MAICD, AGIA, ACIS, ASCPA)
Mr Sergeant is an experienced mining executive, having been the former Founding Managing Director of Lemur Resources Limited, an ASX listed coal exploration and development company, as well as the former Finance Director of Coal of Africa Limited, growing the company from a sub-$2m market capitalisation to over $1.5b at its peak. During his career, Mr Sergeant has also held the position of Managing Director, Non- Executive Director and/or Company Secretary for numerous listed entities across a broad spectrum of industry.
Mr Sergeant graduated from Curtin University, Western Australia with a Bachelor of Business and subsequently, a Post Graduate Diploma in Corporate Administration. He is a Chartered Secretary, member of the Governance Institute of Australia, member of the Australian Institute of Company Directors and an Associate of the Australian Certified Practising Accountants. Blair is currently an Executive Director of Bowen Coking Coal Ltd (ASX: BCB) and a Non-Executive Director of Ikwezi Limited (ASX: IKW).

Company Secretary

Mr Zane Lewis *(appointed 18 October 2020)*
Mr Lewis has over 20 of years corporate advisory experience with various ASX and AIM listed companies and is a fellow of the Governance Institute of Australia.
Mr Lewis is a Non-Executive Director and Company Secretary for a number of ASX Listed companies.

Ms Shannon Coates resigned as Company Secretary on 18 October 2020.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Board meetings	
	Attended	**Eligible to attend**
Zeffron Reeves	4	4
Geoffrey McNamara	4	4
Shannon Coates	4	4

Shares

As at the date of this report, there are 61,198,248 fully paid ordinary shares on issue.

Options

At the date of this report, there are 12,000,000 unissued ordinary shares of Rincon Resources Limited under option.

During the year ended 30 June 2020, nil shares were issued upon the exercise of options.

Significant changes in the state of affairs

The following summary of events marks significant milestones in the state of affairs of the consolidated entity during the year:

During the year, the Company issued a total of 35,491,261 fully paid ordinary shares as follows:

- 2,000,000 shares for conversion of partial loan with Tanamera Pte Ltd;
- 84,033 shares in consideration for director fees;
- issue and subsequent cancellation of 840,336 Introduction Shares issued to Linkwood Holdings;
- Share buyback of 3,000,000 shares for cash of $250,000;
- 32,528,916 shares issued at $0.0166 per share raising $539,980 before costs;
- 616,265 shares issued in lieu of capital raising fees;
- 250,000 shares issued in accordance with the capital raising Lead Manager Mandate;
- 3,012,047 shares as exclusivity fees.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Events after the reporting date

On or around 18 August 2020, the Company entered an agreement with PAC Partners Securities Pty Ltd and Ironside Capital Pty Ltd (together JLM's) for the provision of capital raising and corporate advisory services to facilitate an initial public offering (IPO) on the ASX issuing 25,000,000 Fully Paid Ordinary Shares at an issue price of $0.20 per Share to raise up to $6,000,000 and undertake a pre-IPO raising of up to $400,000.

On 18 August 2020, Mr Blair Sergeant joined the Board as a Non-Executive Director.

On 8 September 2020, the Board agreed to appoint Mr Geoffrey McNamara as Executive Chairman, effective immediately.

On 19 October 2020, Mr Zane Lewis of Small Cap Corporate was appointed Company Secretary upon the resignation of Shannon Coates.

Other than as discussed above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

Future developments, prospects and business strategies

The consolidated entity intends to continue with the advancement of exploration at its current projects located in Western Australia.

Environmental regulation

The consolidated entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The Directors of the consolidated entity are not aware of any breach of environmental regulations for the period under review.

Indemnifying officers or auditor

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Due to the size and activities of the consolidated entity nil Directors and Officers insurance policy is in place.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Geoffrey McNamara
Executive Chairman
17 November 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Rincon Resources Limited 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.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 17 November 2020

TUTU PHONG
Partner

	Note	Consolidated	
		Year ended 30 June 2020 $	**7 August 2018 to 30 June 2019 $**
Interest income		1	-
Other revenue		100,000	-
Gain on disposal of liability		100,000	-
Administration expenses		(926)	(26,160)
Consultancy expenses		(27,355)	(130,258)
Corporate and compliance expenses		(61,239)	(25,290)
Exploration expenses		(900)	(2,160)
Employee related expenses		(90,000)	(80,625)
Interest and finance		(7,040)	(11,285)
Profit/(loss) before income tax		**12,541**	**(275,778)**
Income tax expense	11	-	-
Profit/(loss) after tax		**12,541**	**(275,778)**
Total comprehensive profit/(loss) for the year/period		**12,541**	**(275,778)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated As at 30 June 2020 $	 As at 30 June 2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		235,329	254
Other receivables	3	3,119	7,435
Other	4	9,623	30,328
TOTAL CURRENT ASSETS		**248,071**	**38,017**
NON-CURRENT ASSETS			
Exploration and evaluation	5	571,746	479,100
TOTAL NON-CURRENT ASSETS		**571,746**	**479,100**
TOTAL ASSETS		***819,817***	***517,117***
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	226,765	269,380
Borrowings	7	80,766	229,879
TOTAL CURRENT LIABILITIES		**307,531**	**499,259**
TOTAL LIABILITIES		***307,531***	***499,259***
NET ASSETS		**512,286**	**17,858**
EQUITY			
Issued capital	8	775,523	293,636
Accumulated losses		(263,237)	(275,778)
TOTAL EQUITY		**512,286**	**17,858**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED	Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 1 July 2019	**293,636**	**(275,778)**	**17,858**
Profit for the year	-	12,541	12,541
Total comprehensive profit for the year	-	12,541	12,541
Share issue in lieu of services	20,230	-	20,230
Share issue on conversion of partial loan	150,000	-	150,000
Share issue for exclusivity fee	50,000	-	50,000
Share issue as capital raising	540,230	-	540,230
Share buy-back	(250,000)	-	(250,000)
Cost of share issues	(28,573)	-	(28,573)
Balance at 30 June 2020	**775,523**	**(263,237)**	**512,286**
Balance at incorporation, 7 August 2018	-	-	-
Loss for the period	-	(275,778)	(275,778)
Total comprehensive loss for the period	-	(275,778)	(275,778)
Share-based payments	293,636	-	293,636
Balance at 30 June 2019	**293,636**	**(275,778)**	**17,858**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Year ended 30 June 2020 $	7 August 2018 to 30 June 2019 $
Cash flows from operating activities			
Interest revenue		1	-
Other revenue		100,000	-
Payments to suppliers and employees		(21,027)	(44,161)
Net cash flows provided by/(used in) operating activities	17	**78,974**	**(44,161)**
Cash flows from investing activities			
Acquisition of exploration and evaluation		-	(110,000)
Payments for exploration and evaluation		(112,959)	(48,379)
Net cash flows used in investing activities		**(112,959)**	**(158,379)**
Cash flows from financing activities			
Capital raising		540,230	-
Share buy-back		(250,000)	-
Proceeds from borrowings		-	202,794
Repayment of borrowings		(5,000)	-
Capital raising costs		(16,170)	-
Net cash flows provided by financing activities		**269,060**	**202,794**
Net increase in cash and cash equivalents		235,075	254
Cash and cash equivalents at beginning of year/period		254	-
Cash and cash equivalents at 30 June 20		**235,329**	**254**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies
The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going Concern
The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the consolidated entity had net cash outflows from investing activities of $112,959 for the year ended 30 June 2020. As at that date, the consolidated entity had net current liabilities of $59,460.

The consolidated entity has not generated significant revenues from operations and the directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without the raising of additional capital.

The Company is in the process of undertaking an Initial Public Offering to raise $5,000,000 to $6,000,000 at the time of signing these financial statements. Based on the consolidated entity's cash flow forecasts and achieving the funding referred to above, the directors are confident that the consolidated entity will be able to continue as a going concern. The directors are also confident they are able to manage discretionary spending to ensure that cash is available to meet debts as and when they fall due.

Should the Company be unable to raise the required funding, there is a material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore, whether they will be able to realise their assets and discharge their liabilities in the normal course of business.

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

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rincon Resources Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the period then ended. Rincon Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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

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

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

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the consolidated statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Exploration and evaluation expenditure
Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Issued capital
Ordinary shares are classified as equity.

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

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

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives
The consolidated entity's current accounting period is for the year ended 30 June 2020 and its comparative accounting period is from 7 August 2018 (date of incorporation) to 30 June 2019. Therefore, the results are not directly comparable.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees and external consultants.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and external consultants in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee or external consultants, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee or external consultants and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Other financial assets
Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Adoption of new and revised standards
Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the consolidated entity and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the consolidated entity and, therefore, no material change is necessary to the consolidated entity's accounting policies.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:
AASB 16 Leases
AASB 16 Leases supersedes AASB 117 Leases. The consolidated entity has adopted AASB 16 from 1 July 2019 which results in changes in the classification, measurement and recognition of leases. The changes remove the distinction between 'operating and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The consolidated entity has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Statement of Financial Position on 1 July 2019. Under this approach, there is no initial Impact on retained earnings, and comparatives have not been restated.

From 1 July 2019, the consolidated entity recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the consolidated entity (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

Where leases have a term of less than 12 months or relate to low value assets, the consolidated entity has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Impact on adoption of AASB 16
The adoption of AASB 16 has not resulted in any changes in respect of all operating leases, as there is no existing lease agreement for the year end 30 June 2020.

The net impact on retained earnings on 1 July 2019 was $nil.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Standards and Interpretations in issue not yet adopted
The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to consolidated entity accounting policies.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

Exploration and evaluation expenditure

Exploration and evaluation costs have been capitalised on the basis that the activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

	Consolidated	
	As at 30 June 2020 $	**As at 30 June 2019 $**
Note 3. Other receivables		
GST receivable	3,119	7,435
Note 4. Other		
Prepayment	9,623	30,328
Note 5. Exploration and evaluation		
Costs carried forward in respect of areas of interests:	571,746	479,100
Movement during the period		
Opening balance:	479,100	-
Exploration expenditure	92,646	73,475
Acquisition of South Telfer tenements	-	225,000
Acquisition of Lyza tenement	-	20,625
Acquisition of Laverton tenements	-	160,000
	571,746	479,100
Note 6. Trade and other payables		
Trade payables	111,485	123,345
Accruals	115,280	146,035
	226,765	269,380

	Consolidated	
	As at 30 June 2020 $	As at 30 June 2019 $

Note 7. Borrowings

Borrowings	80,766	229,879

On 30 September 2018 the Company entered into a Loan Agreement with Tanamera Resources Pte Ltd ("Tanamera"), an entity related to director, Geoffrey McNamara, by which Tanamera would make available up to $100,000 by way of an unsecured loan for a period of 12 months. Repayment of the outstanding amount of the loan in full on the earlier of: (a) date of expiry or (b) date on which the Company has received an aggregate of $500,000 from equity raising undertaken from execution date. Interest accrues at a rate of 10% per annum on total outstanding principal from the execution date until the drawdown date and 10% per annum on the amount of the loan drawn from the first day after the drawdown date until the repayment date. The Loan Agreement was varied on 12 July 2019 increasing the drawdown amount to $300,000.

On 11 July 2019, the Company issued 2,000,000 fully paid ordinary shares as partial repayment of the loan balance and a further payment of $5,000 in cash. $7,040 (2019: $11,285) interest expense has been included in the profit or loss for the reporting period.

On 4 February 2019, the Company acquired 100% issued capital of Lyza Mining Pty Ltd. In accordance with the acquisition agreement the Company acquired $15,800 of borrowing liabilities of Lyza Mining Pty Ltd. The borrowings are unsecured with interest free and payable upon demand.

Note 8. Issued capital

54,491,261 (2019: 19,000,000) fully paid ordinary shares on issue	775,523	293,636

	30 June 2019 Number	30 June 2019 $
Balance at Incorporation	-	-
Movement in ordinary shares on issue		
Shares issued at incorporation	12,500,000	-
Shares issued in lieu of geological services @ $0.009 per share	1,500,000	13,636
Acquisition of South Telfer project @ $0.05 per share	2,500,000	125,000
Acquisition of Laverton project @ $0.075 per share	2,000,000	150,000
Acquisition of Lyza Mining Pty Ltd @ $0.010 per share	500,000	5,000
At 30 June 2019	**19,000,000**	**293,636**

Note 8. Issued capital (cont.)

	30 June 2020 Number	30 June 2020 $
Balance at 1 July 2019	19,000,000	293,636
Movement in ordinary shares on issue		
Shares issued to accrued expenses for consultant fees	840,336	100,000
Shares issued in lieu of capital raising fees @ $0.0166 per share	616,265	10,230
Shares issued in lieu of accrued payables @ $0.119 per share	84,033	10,000
Share issue on conversion of partial loan	2,000,000	150,000
Share issue for exclusivity fee @ $0.0166 per share	3,012,047	50,000
Share issue as capital raising @ $0.0166 per share	32,528,916	539,980
Lead Manager Mandate purchase @ $0.0010 per share	250,000	250
Share buy-back @ $0.0833 per share	(3,000,000)	(250,000)
Cancellations of shares issued to consultants	(840,336)	(100,000)
Cost of share issues	-	(28,573)
At 30 June 2020	**54,491,261**	**775,523**

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

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

Note 9. Share-based payments

During the year the following share-based payments were issued:

	Issue date	Number of shares issued	Value per share	Total value
In lieu of capital raising costs	14 & 26 May 2020	616,265	$0.0166	$10,230
In lieu of accrued director fees	11 July 2019	84,033	$0.1190	$10,000

Note 10. Commitments for expenditure

Exploration commitments

The consolidated entity's exploration commitments are as follows:

	As at 30 June 2020 $	As at 30 June 2019 $
Not longer than 1 year	34,314	123,194
Longer than 1 but not longer than 5 years	34,680	123,194
Longer than 5 years	-	-
	68,994	246,388

Exploration commitments consist of annual rents payable on tenements.

Note 11. Income tax

(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
(Loss) / profit before income tax expense	**12,541**	(275,778)
Prima facie tax benefit on loss before income tax at 30% (2019: 30%)	**3,762**	(82,733)
Tax effect of:		
Amounts not deductible in calculating taxable income	**(30,000)**	-
Changes in unrecognised temporary differences	**(174,539)**	(107,068)
Tax losses not recognised	**200,777**	189,801
Income tax expense/(benefit)	**-**	-
(c) Deferred tax assets not brought to account are:		
Accruals	**1,950**	1,950
Prepayment	**(2,887)**	(9,099)
Exploration related expenditure	**(171,524)**	(143,730)
Tax losses	**390,578**	189,802
Total deferred tax assets not brought to account	**218,117**	38,923

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the consolidated entity in utilising the benefits.

Note 12. Key Management Personnel Disclosures

Details of key management personnel:

The following persons were key management personnel of Rincon Resources Limited during the financial year:

Geoffrey McNamara –Executive Chairman *(appointed as Executive Chairman 8 September 2020)*
Zeffron Reeves – Non-Executive Director
Shannon Coates – Non-Executive Director

The aggregate compensation made to the directors and other key management personnel of the consolidated entity is set out below:

	2020 $	2019 $
Short-term benefits	90,000	80,625
Post-employment benefits	-	-
Share-based payments	-	-
	90,000	**80,625**

During the year ended 30 June 2020, Shannon Coates was issued 84,033 fully paid shares at $0.119 per share in lieu of director fees payable at 30 June 2019.

Note 13. Related Party Disclosures

Key Management Personnel and transactions with other related parties
Disclosures relating to Key Management Personnel are set out in Note 12.

a) Transactions with Key Management Personnel and their related parties

	2020 $	2019 $
The following transactions occurred with related parties:		
Evolution Corporate Services Pty Ltd (i)	33,008	25,290
Zeffron Reeves (ii)	-	30,750
	33,008	**56,040**

(i) For company secretarial services, to which Shannon Coates is a director.
(ii) For consulting services.

Note 13. Related Party Disclosures (cont.)

b) Outstanding balances arising from sales/purchases of goods and services, transactions

	2020 $	2019 $
The following payments are owed to/ (receivable from) related parties:		
Evolution Corporate Services Pty Ltd (i)	39,609	16,500
Zeffron Reeves (ii)	34,375	52,950
Shannon Coates (iii)	36,875	26,875
Geoffrey McNamara (iv)	56,875	26,875
	167,734	**123,200**

(i) Amount is payable to Evolution Corporate Services Pty Ltd for company secretarial services, to which Shannon Coates is a director.
(ii) Amount is payable to Zeffron Reeves for director's fee of $26,875 and consulting fee of $26,075.
(iii) Amount is payable to Shannon Coates for director's fee.
(iv) Amount is payable to Geoffrey McNamara for director's fee.

c) Loans to Key Management Personnel and their related parties

On 30 September 2018 the Company entered into a Loan Agreement with Tanamera Resources Pte Ltd ("Tanamera"), an entity related to director, Geoffrey McNamara, by which Tanamera would make available up to $100,000 by way of an unsecured loan for a period of 12 months. Repayment of the outstanding amount of the loan in full on the earlier of: (a) date of expiry or (b) date on which the Company has received an aggregate of $500,000 from equity raising undertaken from execution date. Interest accrues at a rate of 10% per annum on total outstanding principal from the execution date until the drawdown date and 10% per annum on the amount of the loan drawn from the first day after the drawdown date until the repayment date. The Loan Agreement was varied on 12 July 2019 increasing the drawdown amount to $300,000.

On 11 July 2019, the Company issued 2,000,000 fully paid ordinary shares as partial repayment of the loan balance and a further payment of $5,000 in cash. $7,040 (2019: $11,285) interest expense has been included in the profit or loss for the reporting period.

Note 14. Financial Risk Management Objectives and Policies

The main risks arising from the consolidated entity's financial instruments are market risk, currency risk and interest rate risk.

This note presents information about the consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Note 14. Financial Risk Management Objectives and Policies (cont.)

The consolidated entity's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the consolidated entity. The consolidated entity also has other financial instruments such as trade debtors and creditors which arise directly from its operations.

(a) Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the consolidated entity's income or the value of its holdings of financial instruments.

The consolidated entity is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The risk is minimal to the consolidated entity.

(b) Currency Risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the consolidated entity. The consolidated entity deposits are denominated in Australian dollars. Currently, there are no foreign exchange programs in place. Based upon the above, the impact of reasonably possible changes in foreign exchange rates for the consolidated entity is not material.

(c) Interest Rate Risk

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the statement of financial position.

30 June 2020	Weighted Average Effective Interest Rate %	Less than 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Total $
FINANCIAL ASSETS						
Non-interest bearing		238,448	-	-	-	238,448
Variable interest rate instruments		-	-	-	-	-
Fixed interest rate instruments		-	-	-	-	-
		238,448	-	-	-	238,448
FINANCIAL LIABILITIES						
Non-interest bearing		(226,765)	-	-	-	(226,765)
Borrowings	9.06%	(15,800)	-	(64,966)	-	(80,766)
NET FINANCIAL LIABILITIES		(4,117)	-	(64,966)	-	(69,083)

Note 14. Financial Risk Management Objectives and Policies (cont.)

30 June 2019	Weighted Average Effective Interest Rate %	Less than 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Total $
FINANCIAL ASSETS						
Non-interest bearing		7,689	-	-	-	7,689
Variable interest rate instruments		-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		7,689	-	-	-	7,689
FINANCIAL LIABILITIES						
Non-interest bearing		(269,380)	-	-	-	(269,380)
Borrowings	5.27%	(170,800)	-	(59,079)	-	(229,879)
NET FINANCIAL LIABILITIES		(432,491)	-	(59,079)	-	(491,570)

Net fair value of financial assets and liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

(d) Interest Rate Sensitivity Analysis

At 30 June 2020, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would have an immaterial effect.

(e) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The consolidated entity operates in the mining exploration sector; it therefore does not supply products and have trade receivables and is not exposed to credit risk in relation to trade receivables. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics.

The consolidated entity's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any allowance for doubtful debts, of those assets as indicated in the statement of financial position. The maximum credit risk exposure of the consolidated entity at 30 June 2020 is nil (2019: nil). There are no impaired receivables at 30 June 2020 (2019: Nil).

(f) Liquidity Risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

Note 14. Financial Risk Management Objectives and Policies (cont.)

The consolidated entity manages liquidity risk by monitoring forecast cash flows on a rolling monthly basis and entering into supply contracts which can be cancelled within a short timeframe. The consolidated entity does not have any significant liquidity risk as the consolidated entity does not have any collateral debts.

(g) Capital Management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the consolidated entity's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary sources of project funding to date being raising funds from equity markets. Accordingly, the objective of the consolidated entity's capital risk management is to balance the current working capital position against the requirements to meet progressing exploration and evaluation work, project related costs and corporate overheads. Going forward, operations budget and cashflow forecasts are monitored to ensure sufficient funding to meet expenditure.

The directors consider that the carrying value of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

Note 15. Contingent liabilities

There are no contingent liabilities as at 30 June 2020 (2019: Nil).

Note 16. Interest in subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Country of incorporation	Ownership %		Investment $	
		2020	2019	2020	2019
Lyza Mining Pty Ltd	Australia	100	100	5,000	5,000
South Telfer Mining Pty Ltd	Australia	100	100	150,000	150,000

Note 17. Cash flow information

Reconciliation of net loss after tax to the net cash flows from operations:

	As at 30 June 2020 $	As at 30 June 2019 $
Net loss	12,541	(275,778)
Changes in assets and liabilities:		
Other receivables	(4,314)	(7,435)
Prepayment	(20,706)	(30,328)
Trade payables and accruals	91,453	269,380
Net cash flows used in operating activities	78,974	(44,161)

Note 18. Parent Entity Disclosures

	As at 30 June 2020 $	As at 30 June 2019 $
(a) Financial position		
Assets		
Current assets	247,896	37,842
Non-current assets	556,122	479,275
Total Assets	**804,018**	**517,117**
Liabilities		
Current liabilities	(291,732)	(499,259)
Total Liabilities	**(291,732)**	**(499,259)**
Equity		
Issued capital	775,523	293,636
Accumulated losses	(263,236)	(275,778)
Total Equity	**512,286**	**(17,858)**

Note 18. Parent Entity Disclosures (cont.)

	Year ended 30 June 2020 $	7 August 2018 to 30 June 2019 $
(b) Financial performance		
Profit/(loss) for the year	12,542	(275,778)
Other comprehensive income	-	-
Total comprehensive loss	**12,542**	**(275,778)**

(c) Contingent liabilities
As at 30 June 2020 (2019: nil), the Company had no contingent liabilities.

(d) Contractual Commitments
As at 30 June 2020 (2019: nil), the Company had no contractual commitments.

(e) Guarantees entered into by parent entity
As at 30 June 2020 and 2019, the Company had not entered into any guarantees.

The financial information for the parent entity, Rincon Resources Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 19. Remuneration of auditors

The following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	As at 30 June 2020 $	As at 30 June 2019 $
Audit of the financial report	7,500	6,500
	7,500	6,500

Note 20. Events after the reporting date

On or around 18 August 2020, the Company entered an agreement with PAC Partners Securities Pty Ltd and Ironside Capital Pty Ltd (together JLM's) for the provision of capital raising and corporate advisory services to facilitate an initial public offering (IPO) on the ASX issuing 25,000,000 Fully Paid Ordinary Shares at an issue price of $0.20 per Share to raise up to $6,000,000 and undertake a pre-IPO raising of up to $400,000.

On 18 August 2020, Mr Blair Sergeant joined the Board as a Non-Executive Director.

On 8 September 2020, the Board agreed to appoint Mr Geoffrey McNamara as Executive Chairman, effective immediately.

On 19 October 2020, Mr Zane Lewis of Small Cap Corporate was appointed Company Secretary upon the resignation of Shannon Coates.

Other than as discussed above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended 30 June 2020;

- the attached financial statements and notes comply with International Financial Reporting Standards; and

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

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Geoffrey McNamara
Non-Executive Chairman
17 November 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RINCON RESOURCES LIMITED

Opinion

We have audited the financial report of Rincon Resources Limited (the Company) and its subsidiaries (the Group), 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 directors' declaration.

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

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

(ii) 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 Group 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, which indicates that the Group had net cash outflows from investing activities of $112,959 for the year ended 30 June 2020. As at that date, the Group had net current liabilities of $59,460. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 17 November 2020