Rincon Resources Limited

ABN 54 628 003 538

Special Purpose Financial Report

for the period 7 August 2018, *date of incorporation*, to 30 June 2019

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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 Geoff McNamara
(Non-Executive Chairman)

Mr Zeffron Reeves
(Managing Director)

Ms Shannon Coates
(Non-Executive Director)

COMPANY SECRETARY
Ms Shannon Coates

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 period commencing on the date of incorporation on 7 August 2018 and ended 30 June 2019.

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:

Geoff McNamara – Non-Executive Chairman *(appointed 7 August 2018)*
Zeffron Reeves – Managing Director *(appointed 7 August 2018)*
Shannon Coates – Non-Executive Director *(appointed 7 August 2018)*

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 2019 financial year has been a successful one for Rincon Resources Limited (Rincon or the Company) with the acquisition and consolidation of a highly prospective exploration portfolio in Western Australia and post year end (16 July 2019), the announcement of a transformative transaction with ASX listed Artemis Resources Ltd (ASX: ARV). On the 31st October 2019 ARV notified the Company that ARV would not meet the due diligence conditions within the exclusive timeframe and would not be proceeding with the transaction.

Rincon was incorporated on 7 August 2018, with a strategy of acquiring, proved but underexplored mineralised belts in Western Australia, with a focus on gold. The Company acquired three regionally significant projects, South Telfer, Laverton and Kiwirrkurra. The South Telfer project is located in the Paterson Province, the Laverton project is located in the Margaret-Murrin greenstone belt and the Kiwirrkurra project is located in the Central Australian Suture (refer Figure 1).

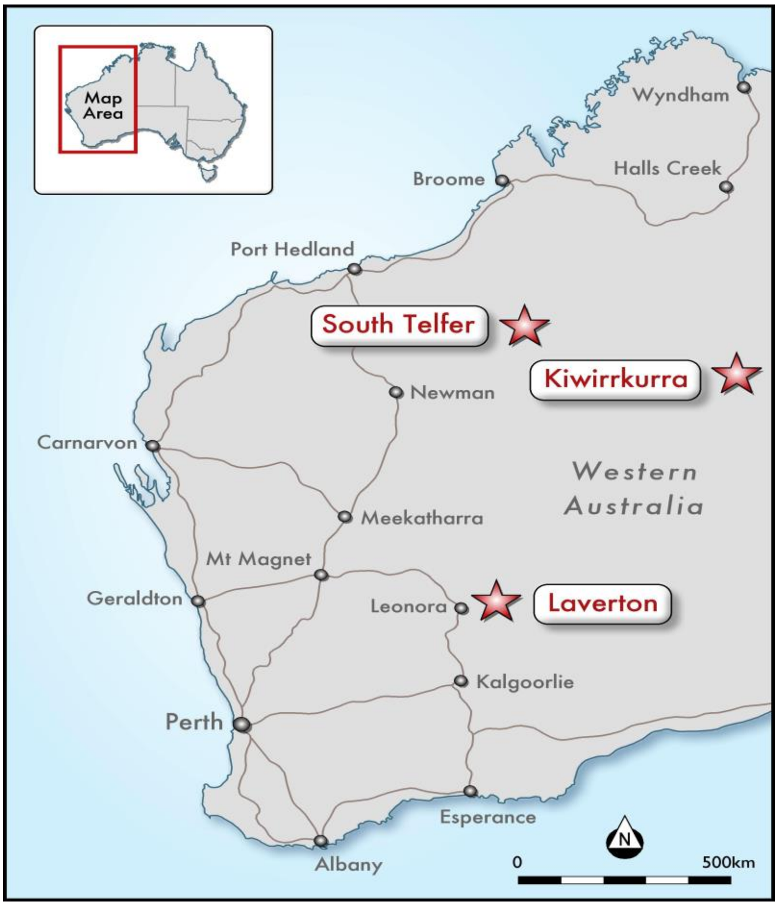

Figure 1: Rincon Resources Projects

Rincon's South Telfer project has applications over 54,538 Ha's in the Patterson Province, twelve kilometres southwest of Newcrest's Telfer mine. South Telfer contains over fifty kilometres of Telfer host geology (outcropping Isdell formation) with proven gold and copper mineralisation (refer Figure 2).

Newcrest has drilled two hundred and sixty holes for twenty-four thousand seven hundred and sixty-two metres and completed one thousand and sixty-eight soil samples. This work has identified a large gold and copper system which has multiple drill ready targets (refer Figure 3 and 4).

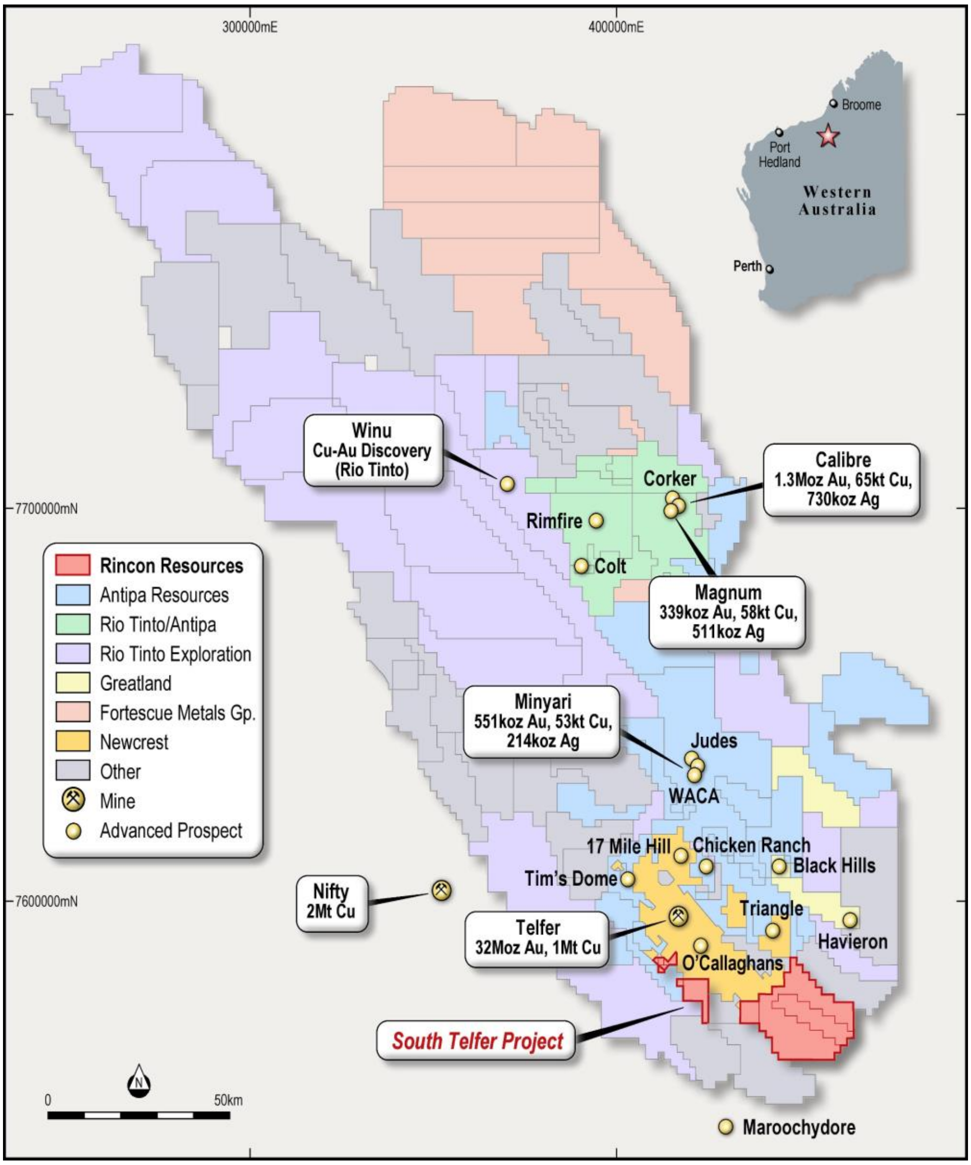

Figure 2: South Telfer Project Location

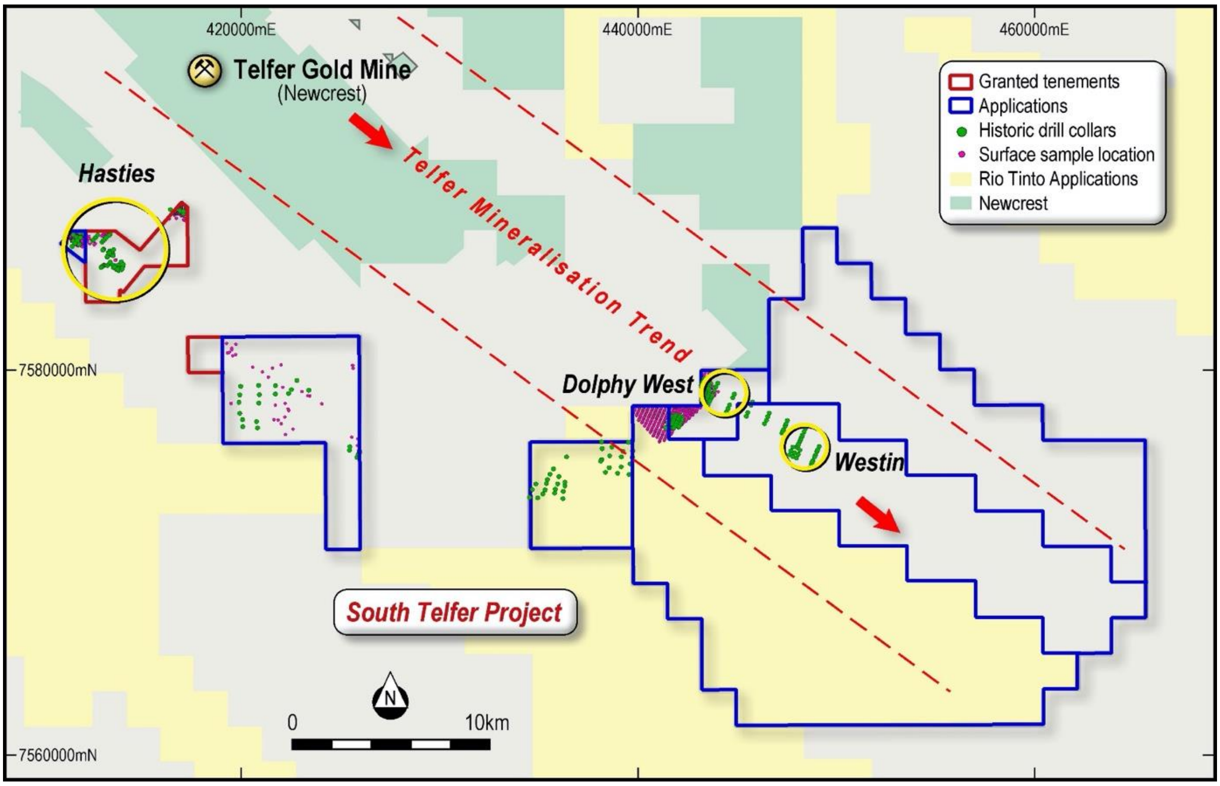

Figure 3: South Telfer Historic Drill Collars

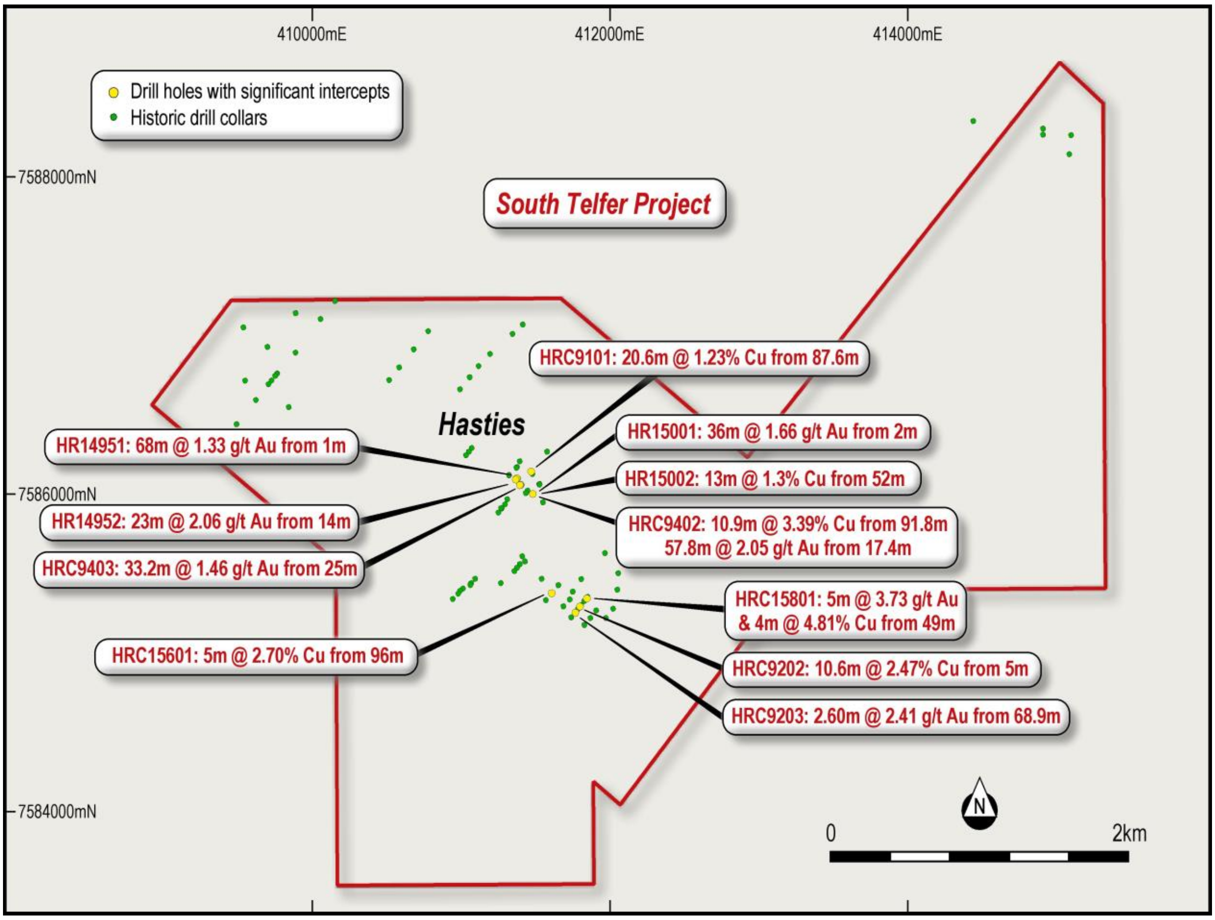

Figure 4: South Telfer – Hasties prospect, Historic Drill Results

The Laverton Gold Project is four kilometres south/south west of the township of Laverton. It hosts eleven kilometres of prospective greenstone belt and has significant historic (high grade early 1900's shafts on the tenement) and producing gold mines within the belt. Little modern exploration has been undertaken (refer Figure 5).

The tenements cover the southern extension of the historic Gladiator Gold deposits, the Gladiator Gold mineralisation is associated with magnetic Banded Iron Formation (BIF) units and the BIF units extend south into the Laverton Gold Project (refer Figure 5).

The Laverton Gold Project is under explored due to thin cover.

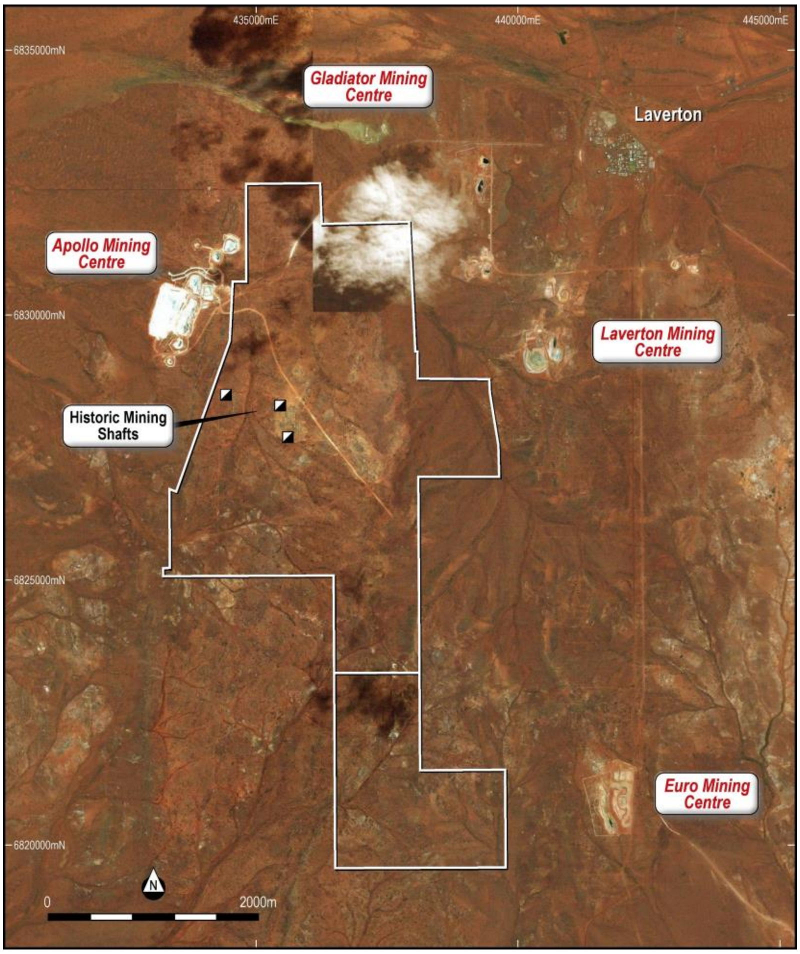

Figure 5: Laverton Gold Project Location Map

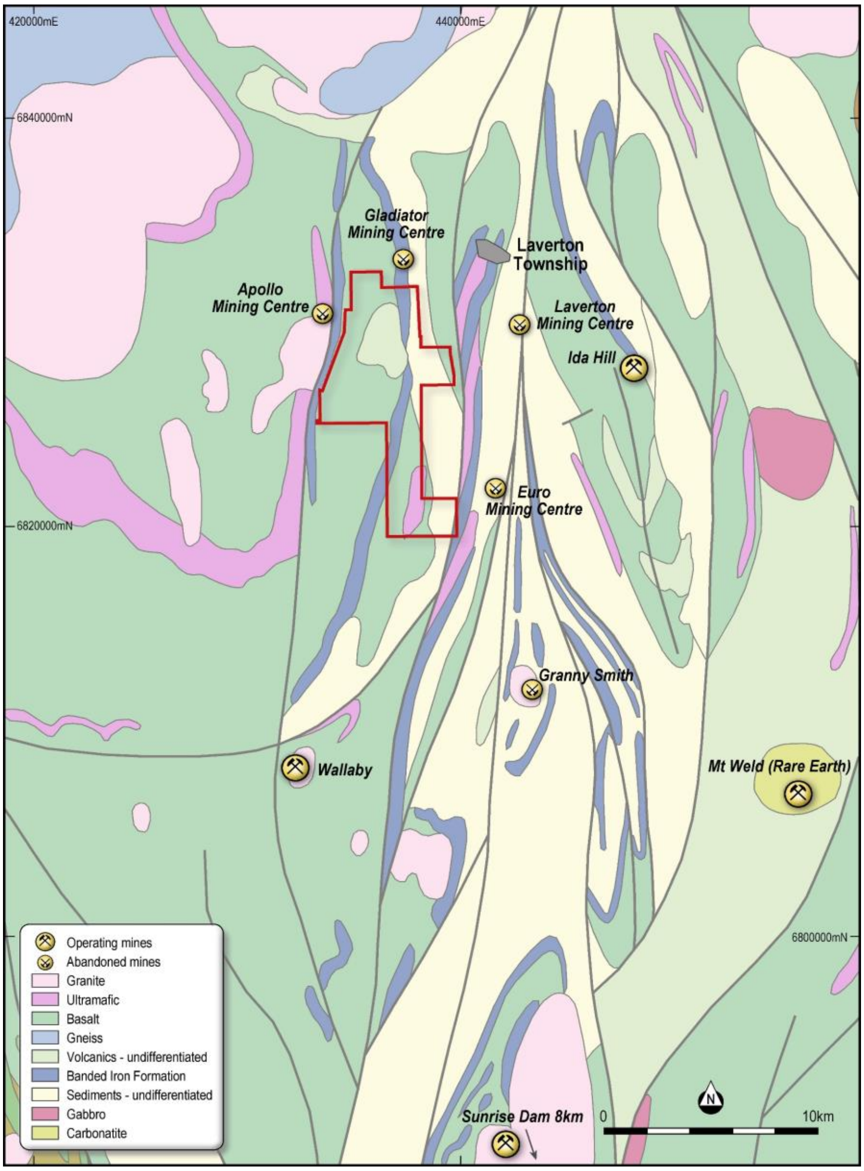

Figure 6: Laverton Gold Regional Geological Map

The Kiwirrkurra project comprises of a single tenement covering 12,600 Ha's straddling the interpreted position of the Central Australian Suture, at the boundary of the Aileron and Warumpi geological Provinces. Kiwirrkurra is prospective for orogenic gold mineralisation, iron Oxide Copper and Gold (IOCG) deposits and base metals, refer Figure 7.

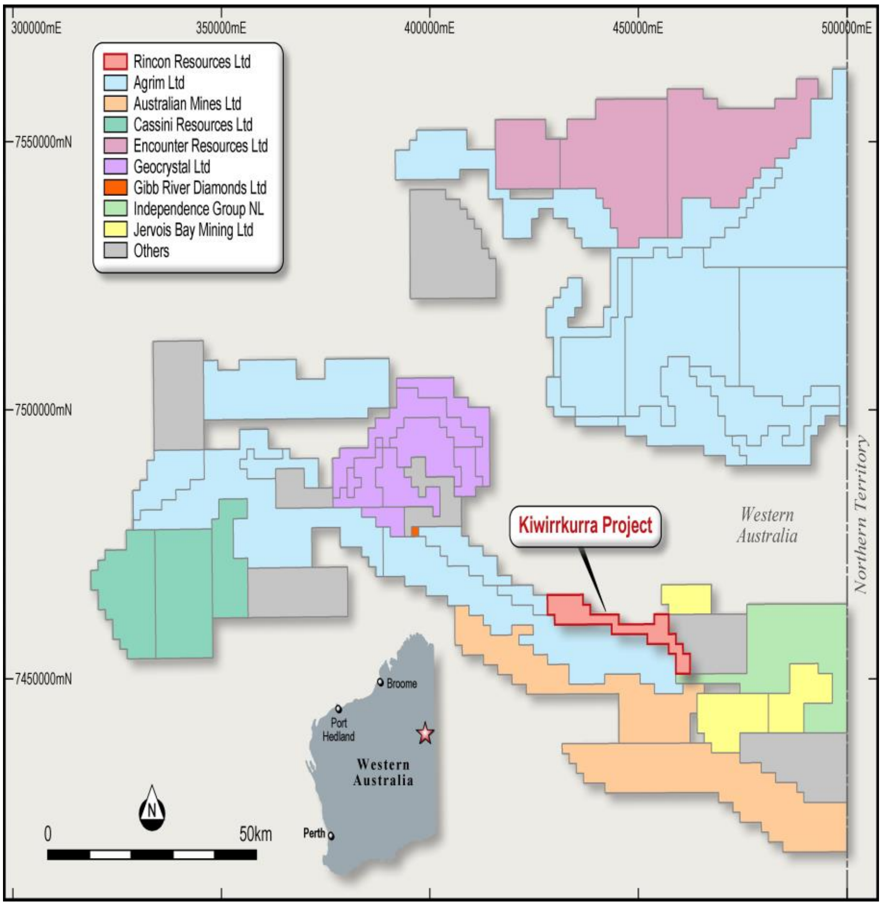

Figure 7: Kiwirrkurra Project Tenement Map

IOCG mineralisation has been delineated by Ashburton Minerals drilling at the Pokali Prospect, refer results below and Figure 8:

- 32m @ 0.46% Cu from 74m (incl. 8m @ 1.1% Cu from 100m)
- 64m @ 0.39% Cu from 118m (incl. 14m @ 1.0% Cu from 132m)
- 46m @ 0.37% Cu from 26m
- 38m @ 0.38% Cu from 76m
- 44m @ 0.30% Cu from 68m
- 16m @ 0.45% Cu from 190m
- 42m @ 0.33% Cu from 198m

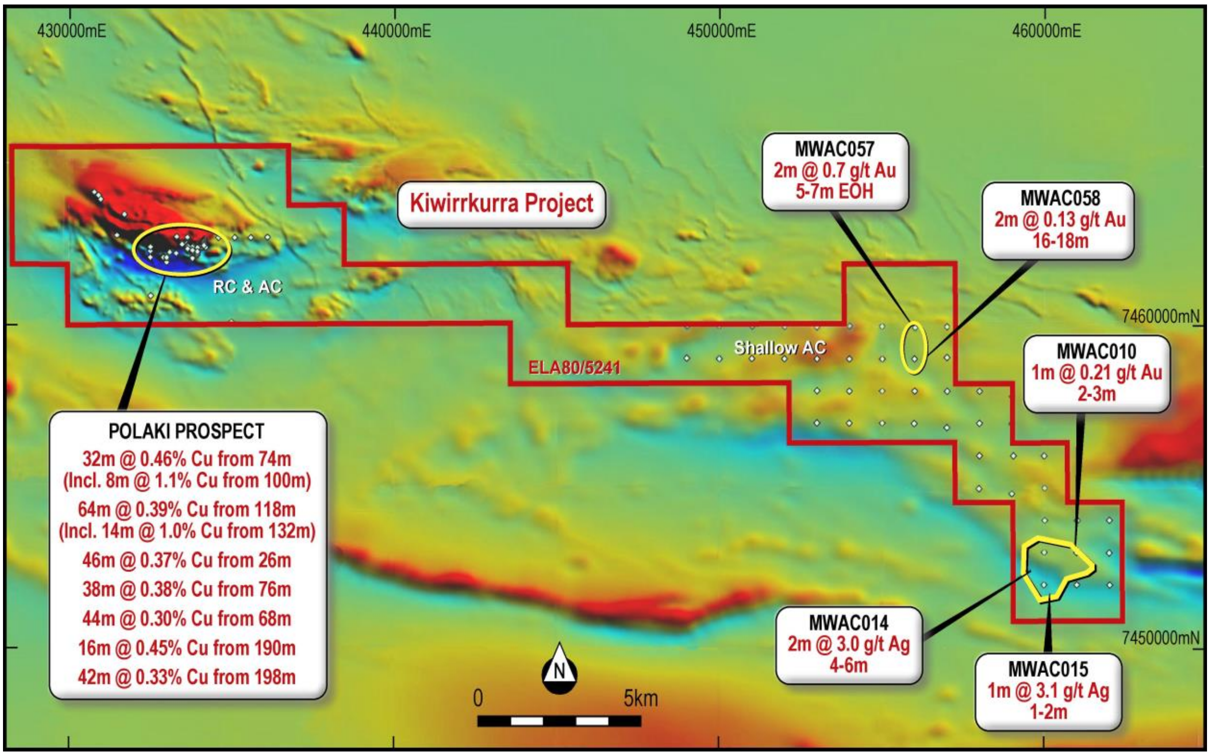

Figure 8: Kiwirrkurra project drilling over regional magnetics image

Corporate Activities

At incorporation the Company issued 12,500,000 ordinary shares for nil consideration.

During the reporting period the Company issued a total of 6,500,000 fully paid ordinary shares as follows:

- 2,500,000 shares in consideration for the acquisition of the South Telfer project;
- 1,500,000 shares in consideration for geological services provided;
- 500,000 shares in consideration for the acquisition of the Kiwirrkurra project;
- 2,000,000 shares in consideration for the acquisition of the Laverton project.

On 4 February 2019, the Company acquired 100% of the issued shares of Lyza Mining Pty Ltd.

Information on Directors

Geoffrey McNamara Non-Executive Chairman
BSc (Applied Geology), AusIMM, FINSIA, AICD
Mr McNamara is a geologist with over 25 years' experience in the resource sector, covering operational roles including Project Manager, Senior Mine Geologist and Mine Geologist for Ivanhoe Mines, LionOre International and Western Mining Corporation. A Partner at investment manager and advisor Medea Capital Partners, he was previously an owner and Investment Director of private equity firm Pacific Road Capital. Prior to this he was a Director of Société Generale's Mining Finance group in New York. He currently holds a number of Non-Executive Director roles including Non-Executive Chairman of UK listed Cora Gold Limited. Mr McNamara holds a Bachelor 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 Managing Director
BSc (Hons) (Applied Geology), MBA, MAIG
Mr Reeves is a geologist with over 20 years' experience in the resources sector working on projects from greenfields exploration, discovery, definition and feasibility, construction, production to closure. Zeffron was most recently Managing Director of ASX listed Metallum Ltd, which had a number of development and operational projects in Chile. He has also held senior management positions with Cleveland Mining Ltd and Ashburton Minerals Ltd, developing projects in Brazil. Zeffron 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.

Company Secretary
Ms Shannon Coates

See above.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held from 7 August 2018, date of incorporation up to the period ended 30 June 2019, and the number of meetings attended by each Director were:

	Board meetings	
	Attended	**Eligible to attend**
Zeffron Reeves	6	6
Geoff McNamara	6	6
Shannon Coates	6	6

Shares

As at the date of this report, there are 21,924,369 fully paid ordinary shares on issue.

Options

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

During the period ended 30 June 2019, 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 financial period:

1. 12,500,000 ordinary shares were issued for nil consideration on incorporation of the Company, on 7 August 2018 in Western Australia.
2. On 18 October 2018, the Company's 100% owned subsidiary, South Telfer Mining Pty Ltd was incorporated.
3. On 4 February 2019, the Company acquired 100% of the issued capital of Lyza Mining Pty Ltd.
4. During the reporting period the Company issued a total of 6,500,000 fully paid ordinary shares as follows:
   - 2,500,000 shares in consideration for the acquisition of the South Telfer project;
   - 1,500,000 shares in consideration for geological services provided;
   - 500,000 shares in consideration for the acquisition of the Kiwirrkurra project;
   - 2,000,000 shares in consideration for the acquisition of the Laverton project.

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

Events after reporting period

On 16 July 2019, the Company signed a binding term sheet with Artemis Resources Limited (ASX: ARV), pursuant to which ARV has agreed, subject to the satisfaction of certain conditions precedent, to acquire 100% the Company. ARV has paid a non-refundable exclusivity fee and extension fee totalling \$100,000. On the 31st October 2019 ARV notified the Company that ARV would not meet the due diligence conditions within the exclusive timeframe and would not be proceeding with the transaction.

Post the end of the reporting period, the Company issued 2,000,000 fully paid ordinary shares at deemed issue price of \$0.075 per share on conversion of the \$150,000 outstanding loan from Tanamera Resources Pte Ltd, an entity associated with Director, Geoff McNamara. As at the date of this report, \$60,427, including accrued interest, of the Tanamera Loan remained outstanding.

The Company also issued 840,336 fully paid ordinary shares at a deemed issue price of $0.119 per share to an entity associated with Director, Geoff McNamara in consideration for introductory services provided in relation to the transaction with Artemis Resources Limited. Pursuant to the termination of the transaction with ARV, these introductory shares will be bought back and cancelled by the Company for nil consideration.

The Company also issued 84,033 shares to Director, Shannon Coates in lieu of Director fees, at a deemed issue price of $0.119 per share.

Other than as discussed above, no other matter or circumstance has arisen since 30 June 2019 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

Geoff McNamara
Non-Executive Chairman
4 November 2019

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Rincon Resources Limited for the financial period 7 August 2018 to 30 June 2019, 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

TUTU PHONG
Partner

Perth, WA
Dated: 4 November 2019

	CONSOLIDATED
	7 August 2018 to 30 June 2019 $
Administration expenses	(26,160)
Consultancy expense	(130,258)
Corporate and compliance expenses	(25,290)
Exploration expenses	(2,160)
Employee related expenses	(80,625)
Interest and finance	(11,285)
Loss before income tax	**(275,778)**
Income tax expense	-
Loss after tax	**(275,778)**
Total comprehensive loss for the period	**(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 2019 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		254
Other receivables	3	7,435
Other	4	30,328
TOTAL CURRENT ASSETS		**38,017**
NON-CURRENT ASSETS		
Exploration and evaluation	5	479,100
TOTAL NON-CURRENT ASSETS		**479,100**
TOTAL ASSETS		***517,117***
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	6	269,380
Borrowings	7	229,879
TOTAL CURRENT LIABILITIES		**499,259**
TOTAL LIABILITIES		***499,259***
NET ASSETS		**17,858**
EQUITY		
Issued capital	8	293,636
Accumulated losses		(275,778)
TOTAL EQUITY		**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 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

	7 August 2018 to 30 June 2019 $
Cash flows from operating activities	
Payments to suppliers and employees	(44,161)
Net cash flows used in operating activities	**(44,161)**
Cash flows from investing activities	
Acquisition of exploration and evaluation	(110,000)
Payments for exploration and evaluation	(48,379)
Net cash flows used in investing activities	**(158,379)**
Cash flows from financing activities	
Proceeds from borrowings	202,794
Net cash flows provided by financing activities	**202,794**
Net increase in cash and cash equivalents	254
Cash and cash equivalents at 7 August 2018 (date of incorporation)	-
Cash and cash equivalents at 30 June 2019	**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.

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
In the Directors' opinion, the consolidated entity is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Rincon Resources Limited. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Rincon Resources Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

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 incurred a loss of $275,778 and had net cash outflows from operating and investing activities of $44,161 and $158,379 respectively for the year ended 30 June 2019. As at that date, the consolidated entity had net current liabilities of $461,242.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

1. Subsequent to the reporting date, in accordance with the circular resolution of the board of directors dated 11 July 2019, $150,000 of loan payable owing to Tanamera Resources Pte Ltd will be converted to equity at deemed issue price of $0.075 per shares for a total of 2,000,000 shares; and

2. Subsequent to the reporting date, in accordance with the circular resolution of the board of directors dated 11 July 2019, $10,000 of director's fee payable owing to the director, Shannon Coates will be settled via the issue of 84,033 fully paid ordinary shares at a deemed issue price of $0.119.

3. The Directors are currently negotiating an equity placement to raise sufficient funds to meet its obligations.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does 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 2019 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 an 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
There is no comparative information as the Company was only incorporated on 7 August 2018.

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.

Other financial assets (continued)

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.

Asset acquisition not constituting a business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the reporting period ended 30 June 2019. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity will adopt this standard from 1 July 2019 and its impact on adoption is not expected to have a material impact on transactions and balances recognized in the financial statements.

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.

	30 June 2019 $
Note 3. Other receivables	
GST receivable	7,435
Note 4. Other	
Prepayment	30,328
Note 5. Exploration and evaluation	
Balance as at 30 June 2019	479,100
Movement during the period	
Opening balance:	-
Acquisition of South Telfer tenements	225,000
Acquisition of Lyza tenement[1]	20,625
Acquisition of Laverton tenements	160,000
Exploration expenditure	73,475
	479,100

[1]On 4 February 2019, the Company acquired 100% issued capital of Lyza Mining Pty Ltd.

The exploration and evaluation assets include an amount of $20,625 being the identifiable exploration assets acquired upon the acquisition of Lyza Mining Pty Ltd's tenement, refer below:

Purchase consideration:	$
Shares (refer to Note 9)	5,000
Identifiable assets/(liabilities) acquired:	
Cash	175
Exploration tenements	20,625
Borrowings	(15,800)
	5,000

Note 6. Trade and other payables

Trade payables	123,345
Accruals	146,035
	269,380

	30 June 2019 $

Note 7. Borrowings

Borrowings	229,879

On 30 September 2018 the Company entered into a Loan Agreement with Tanamera Resources Pte Ltd ("Tanamera"), 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. $11,285 interest expense has been included in the profit or loss for the period. The Loan Agreement was varied on 12 July 2019 increasing the drawdown amount to $300,000.

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

19,000,000 issued and fully paid ordinary shares	293,636

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

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 period the following share-based payments were issued and included in capitalised exploration in the Statement of Financial Position.

	Issue date	Number of shares issued	Value per share	Total value
Acquisition of South Telfer project	7 Feb 2019	2,500,000	$0.050	$125,000
In lieu of geological consulting fees	7 Feb 2019	1,500,000	$0.009	$13,636
Vendor shares – Lyza Mining Pty Ltd	7 Feb 2019	500,000	$0.010	$5,000
Vendor shares – Laverton project	26 Jun 2019	2,000,000	$0.075	$150,000

Note 10. Commitments for expenditure

Exploration commitments

The Company's exploration commitments are as follows:

	30 June 2019 $
Not longer than 1 year	123,194
Longer than 1 but not longer than 5 years	123,194
Longer than 5 years	-
	246,388

Exploration commitments consist of annual rents payable on mineral concessions.

Note 11. Contingent liabilities

During the financial period ended 30 June 2019, the Company signed a binding term sheet with Garry Herbert Ernest Goyne ("Goyne"), who is the legal and beneficial owner of 100% of issued share capital of Holding Tenements Pty Ltd. The term sheet grants the Company the sole and exclusive right to acquire up to a 100% interest in the issued share capital of Holding Tenements Pty Ltd. 2,000,000 consideration shares were issued to Goyne in June 2019. Completion of the acquisition is conditional upon a cash payment of $25,000 to be paid to Goyne at settlement ("Condition"). If due to the failure to satisfy the Condition, the Company elects not to proceed to settlement, the Company agrees that the consideration payable by the Company to Goyne to buy back the 2,000,000 consideration shares is $1.

There are no other contingent liabilities as at 30 June 2019.

Note 12. 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 %
Lyza Mining Pty Ltd	Australia	100
South Telfer Mining Pty Ltd	Australia	100

Note 13. Cash flow information

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

	7 August 2018 to 30 June 2019 $
Net loss	(275,778)
Changes in assets and liabilities:	
Other receivables	(7,435)
Prepayment	(30,328)
Trade payables and accruals	269,380
Net cash flows used in operating activities	**(44,161)**

Note 14. Remuneration of auditors

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

	7 August 2018 to 30 June 2019 $
Audit services	6,500
	6,500

Note 15. Events after reporting period

On 16 July 2019, the Company signed a binding term sheet with Artemis Resources Limited (ASX: ARV), pursuant to which ARV has agreed, subject to the satisfaction of certain conditions precedent, to acquire 100% the Company. ARV has paid a non-refundable exclusivity fee and extension fee totalling $100,000. On the 31st October 2019 ARV notified the Company that ARV would not meet the due diligence conditions within the exclusive timeframe and would not be proceeding with the transaction.

Post the end of the reporting period, the Company issued 2,000,000 fully paid ordinary shares at deemed issue price of $0.075 per share on conversion of the $150,000 outstanding loan from Tanamera Resources Pte Ltd, an entity associated with Director, Geoff McNamara. As at the date of this report, $60,427, including accrued interest, of the Tanamera Loan remained outstanding.

The Company also issued 840,336 fully paid ordinary shares at a deemed issue price of $0.119 per share to an entity associated with Director, Geoff McNamara in consideration for introductory services provided in relation to the transaction with Artemis Resources Limited. Pursuant to the termination of the transaction with ARV, these introductory shares will be bought back and cancelled by the Company for nil consideration.

The Company also issued 84,033 shares to Director, Shannon Coates in lieu of Director fees, at a deemed issue price of $0.119 per share.

Note 15. Events after reporting period (continued)

Other than as discussed above, no other matter or circumstance has arisen since 30 June 2019 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 consolidated entity is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Rincon Resources Limited;

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards to the extent as described in note 1 to the financial statements, 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 2019 and of its performance for the financial period 7 August 2018 and 30 June 2019; 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

Geoff McNamara
Non-Executive Chairman
4 November 2019

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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 2019, 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 financial period 7 August 2018 to 30 June 2019, 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 2019 and of its financial performance for the financial period 7 August 2018 to 30 June 2019; and

(ii) Complying with Australian Accounting Standards to the extent described in Note 1 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 incurred a loss of $275,778 and had net cash outflows from operating and investing activities of $44,161 and $158,379 respectively for the year ended 30 June 2019. As at that date, the Group had net current liabilities of $461,242. 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 corporate directory, chairman's letter and directors' report, 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 and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of 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: http://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: 4 November 2019