

CAPRICE RESOURCES LTD

ABN 96 624 970 725

AND CONTROLLED ENTITY

INTERIM CONSOLIDATED FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2020



CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

TABLE OF CONTENTS

Directors' Report.....	1
Auditor's Independence Declaration	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity.....	6
Consolidated Statement of Cash Flows	7
Notes to the Financial Statements.....	8
Directors' Declaration	14
Independent Auditor's Review Report	15

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

DIRECTORS' REPORT

The Directors present their report together with the interim consolidated financial report of Caprice Resources Ltd and its controlled entity (**the Group**) for the half year ended 31 December 2020 and the independent auditor's review report thereon.

Directors

The names of the Directors in office at any time during or since the end of the half year are:

- David Church (Non-Executive Chairman) – appointed 18 October 2018
- Scott Patrizi (Executive Director) – appointed 12 June 2018
- Michael Caruso (Non-Executive Director) – appointed 6 October 2020
- Adam Miethke (Non-Executive Director) – appointed 6 October 2020
- Bryn Hardcastle (Non-Executive Chairman) – appointed 20 March 2018; resigned 6 October 2020

Principal Activities

The principal activities of the Group are mining and mineral exploration. No significant change in the nature of these activities occurred during the half year.

Review of Operations

During the half year, the Group:

- acquired 100% of the issued capital of Goldview Metals Pty Ltd which holds the Island Gold Project;
- completed a 1 for 5.9 non-renounceable pro-rata entitlement offer at an issue price of \$0.18 which raised \$1,000,000 (before costs);
- completed a placement to institutional and sophisticated investors at an issue price of \$0.18 which raised \$1,600,000 (before costs);
- conducted a 5 hole reverse circulation drilling program at the Wheal Fortune prospect within their Northampton Base Metals Project which intercepted significant base metal sulphide mineralisation;
- completed its maiden drilling program at the Island Gold Project which confirmed extensions of thick and high-grade gold mineralisation at the New Orient Prospect; and
- completed a 15 hole reverse circulation drill program at the Baxters-Golconda prospects within the Island Gold Project which returned significant gold intercepts.

Financial Results

The loss of the Group for the period ending 31 December 2020 was \$1,577,813 (31 December 2019: \$183,753). During the half year, total expenses amounted to \$1,589,339 (31 December 2019: \$209,825).

Cash and cash equivalents amounted to \$4,570,314 as at 31 December 2020 (30 June 2020: \$3,256,442).

Significant Changes in the State of Affairs

During the period, Caprice Resources Ltd acquired Goldview Metals Pty Ltd which holds 100% of the Island Gold Project. There were no other significant changes in the state of affairs of the Group during the financial half year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial half year that significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

DIRECTORS' REPORT (continued)

Auditor's Independence Declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Scott Patrizi', with a stylized flourish at the end.

Scott Patrizi
Executive Director

Dated this 10th day of March 2021

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +618 9261 9100

F +618 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Caprice Resources Ltd for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

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AL Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 10 March 2021

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CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Income			
Interest income		999	26,072
Other income		10,527	-
Total income		11,526	26,072
Expenses			
Administration expenses		(122,058)	(83,786)
Consultants and management expenses		(158,528)	(85,177)
Depreciation and amortisation		(512)	(484)
Legal expenses		(5,830)	(32,698)
Share based payments expense	6	(1,191,468)	-
Exploration costs expensed or written off		-	(7,680)
Transaction costs		(110,943)	-
Total expenses		(1,589,339)	(209,825)
Loss before income tax for the half year		(1,577,813)	(183,753)
Income tax expense		-	-
Loss after income tax expense for the half year		(1,577,813)	(183,753)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Total other comprehensive income for the half year, net of tax		-	-
Total comprehensive loss for the half year		(1,577,813)	(183,753)
Attributable to:			
Members of the Caprice Resources Ltd		(1,577,813)	(183,753)
Basic and diluted loss per share (cents per share)		(3.23)	(0.56)

The accompanying notes form part of these financial statements.

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 Dec 2020 \$	30 Jun 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		4,570,314	3,256,442
Trade and other receivables		78,558	7,283
Other assets		33,746	20,330
TOTAL CURRENT ASSETS		4,682,618	3,284,055
NON-CURRENT ASSETS			
Exploration and evaluation costs	2	7,616,015	714,528
Property, plant and equipment		2,288	2,800
TOTAL NON-CURRENT ASSETS		7,618,303	717,328
TOTAL ASSETS		12,300,921	4,001,383
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		49,266	43,563
TOTAL LIABILITIES		49,266	43,563
NET ASSETS		12,251,655	3,957,820
EQUITY			
Contributed equity	4a	13,914,054	4,733,874
Reserve	5	1,567,020	875,552
Accumulated losses		(3,229,419)	(1,651,606)
TOTAL EQUITY		12,251,655	3,957,820

The accompanying notes form part of these financial statements.

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Contributed Equity \$	Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2019		4,733,874	875,552	(1,282,101)	4,327,325
Loss after income tax expense for the half year		-	-	(183,753)	(183,753)
Other comprehensive income for the half year, net of tax		-	-	-	-
Total comprehensive loss for the half year		-	-	(183,753)	(183,753)
Transactions with owners, in their capacity as owners		-	-	-	-
Balance at 31 December 2019		4,733,874	875,552	(1,465,854)	4,143,572
Balance at 1 July 2020		4,733,874	875,552	(1,651,606)	3,957,820
Loss after income tax expense for the half year		-	-	(1,577,813)	(1,577,813)
Other comprehensive income for the half year, net of tax		-	-	-	-
Total comprehensive loss for the half year		-	-	(1,577,813)	(1,577,813)
Transactions with owners, in their capacity as owners					
Share issues	4b	2,600,000	-	-	2,600,000
Proceeds from exercise of options	4b	206,250	-	-	206,250
Shares issued as consideration for acquisition of Goldview Metals Pty Ltd	4b	6,004,800	-	-	6,004,800
Transactions costs		(130,870)	-	-	(130,870)
Share based payments	6	500,000	691,468	-	1,191,468
		9,180,180	691,468	-	9,871,648
Balance at 31 December 2020		13,914,054	1,567,020	(3,229,419)	12,251,655

The accompanying notes form part of these financial statements.

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(495,185)	(230,207)
Interest received		999	24,186
Other income		10,527	-
Net cash used in operating activities		(483,659)	(206,021)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(700,986)	(256,439)
Payments for acquisition of mining tenements	3	(180,000)	-
Cash acquired on acquisition of subsidiary		3,137	-
Net cash used in investing activities		(877,849)	(256,439)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	4b	2,806,250	-
Share issue costs paid		(130,870)	-
Net cash generated from financing activities		2,675,380	-
Net increase / (decrease) in cash held		1,313,872	(462,460)
Opening cash and cash equivalents		3,256,442	3,866,329
Cash and cash equivalents at end of half year		4,570,314	3,403,869

The accompanying notes form part of these financial statements.

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

The consolidated financial statements and notes represent those of Caprice Resources Ltd (**the Company**) and its controlled entity (together, **the Group**), which are companies limited by shares, incorporated and domiciled in Australia.

The consolidated financial statements were authorised for issue on 10th March 2021 by the Directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The general purpose consolidated financial statements for the interim half year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for 'for-profit' orientated entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This interim consolidated financial report does not include all notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New Standards and Interpretations

In the half year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods commencing on or after 1 July 2020. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to accounting policies.

The adoption of the new *Conceptual Framework for Financial Reporting* from 1 July 2020 has not led to any changes in accounting or disclosure for the Group, but the new Conceptual Framework may be referred to if accounting matters arise that are not addressed by accounting standards.

The adoption of the new definition of Material included in *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material* from 1 July 2020 provides a new definition of material, which now extends materiality consideration to obscurity and clarifies that materiality now depends on the nature or magnitude of information.

Future effects of the implementation of these standards will depend on future details.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 2: EXPLORATION AND EVALUATION ASSETS

		31 Dec 2020	30 June 2020
	Note	\$	\$
Tenement acquisition costs		5,512,438	295,516
Capitalised exploration expenditure		2,103,577	419,012
		7,616,015	714,528
<i>Movements in carrying value</i>			
Balance at the beginning of the year		714,528	-
Tenement acquisition costs	3	5,216,922	295,516
Capitalised exploration expenditure at acquisition	3	1,088,277	
Exploration expenditure capitalised		596,288	419,012
Balance at the end of the year		7,616,015	714,528

The balance carried forward represents the acquisition costs and capitalised exploration expenditure of the Western Australian and Northern Territory tenements which are in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

NOTE 3: ACQUISITION OF SUBSIDIARY

During October 2020, the Company completed the acquisition of 100% of the issued share capital of Goldview Metals Pty Ltd (**Goldview**) which holds the tenements for the Island Gold Project.

The consideration for the acquisition of Goldview was as follows:

- Exclusivity Payment: a non-refundable \$100,000 cash payment to Goldview;
- Upfront Scrip consideration: 16,680,000 shares in the Company issued to the shareholders of Goldview or their nominees;
- Repayment of expenses: \$80,000 paid in cash;
- Expenditure Commitment: the Group to meet exploration expenditure commitments of \$1,000,000 within the first 12 months upon completion of the transaction;
- Royalty: Goldview's major shareholder, Michael Caruso, will retain a 1.5% Net Profit After Tax (NPAT) royalty over material processed from the Island Gold Project. The Company has the right to purchase the 1.5% NPAT royalty for \$1,500,000 at any time before the commencement of production;
- Milestone payment: 5,000,000 shares in the Company to be issued to shareholders of Goldview or their nominees upon reporting to the ASX a mineral resource in accordance with the JORC 2012 Edition Guidelines of a minimum of 250,000 ounces of gold at a minimum grade of 2.0 g/t of gold. These shares have not been brought to account in the financial statements and are disclosed as a contingent liability in Note 8; and
- Board appointment right: Michael Caruso was appointed to the Company's Board of Directors as a Non-Executive Director.

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 3: ACQUISITION OF SUBSIDIARY (continued)

The following components of the consideration have been capitalised as *Exploration and evaluation costs* in the financial statements:

	\$
Exclusivity fee	100,000
Fair value of 16,680,000 shares in Caprice Resources Ltd	6,004,800
Cash payment	80,000
Total consideration paid	6,184,800

The assets and liabilities recognised as a result of the acquisition of Goldview are as follows:

	\$
Cash	3,137
Other receivables	25,238
Exploration and evaluation assets	1,088,277
Trade and other payables	(148,774)
Net identifiable assets acquired	967,878
Add: Exploration asset	5,216,922
Net assets acquired	6,184,800
Total consideration paid	6,184,800

The acquisition of Goldview has been accounted for as an acquisition of an asset on the basis that it does not constitute a business as defined by *AASB 3 Business Combinations*.

NOTE 4: CONTRIBUTED EQUITY

a. Share capital

	31 Dec 2020	30 June 2020
	\$	\$
Fully paid ordinary shares	13,914,054	4,733,874
	13,914,054	4,733,874

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 4: CONTRIBUTED EQUITY (continued)

b. Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	\$
1 July 2019	Balance at 1 July 2019	32,750,003		4,733,874
	Movements for the year	-		-
30 June 2020	Balance at 30 June 2020	32,750,003		4,733,874
17 August 2020	Shares issued on exercise of options	825,000	0.25	206,250
5 October 2020	Shares issued via rights issue	5,555,556	0.18	1,000,000
5 October 2020	Shares issued via placement	8,888,889	0.18	1,600,000
5 October 2020	Shares issued as consideration for corporate advisory fees	1,388,889	0.36 ⁽¹⁾	500,000
5 October 2020	Shares issued as consideration for the acquisition of Goldview Metals Pty Ltd	16,680,000	0.36 ⁽¹⁾	6,004,800
	Less Transaction costs	-		(130,870)
31 December 2020	Balance at 31 December 2020	66,088,337		13,914,054

⁽¹⁾ Fair value of shares issued as at 5 October 2020.

NOTE 5: RESERVES

	31 Dec 2020 \$	30 June 2020 \$
(a) Reserves		
Options	875,552	875,552
Movements:		
<i>Options</i>		
Opening balance	875,552	875,552
Share based payments (Note 6)	691,468	-
Closing balance	1,567,020	875,552

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 6: SHARE BASED PAYMENTS

During the period ended 31 December 2020, the following share based payments were made (2019: nil). The options have been valued by the Directors using the Black-Scholes option pricing model based on the following:

	Incoming Director Options	Director Incentive Options	Employee Incentive Options
Underlying value of the security	\$0.40	\$0.27	\$0.27
Exercise price	\$0.25	\$0.3894	\$0.3894
Grant date	6/10/20	10/12/20	10/12/20
Expiry date	6/10/23	10/12/23	10/12/23
Life of Options in years	3.00	3.00	3.00
Volatility	97%	97%	97%
Risk free rate	0.17%	0.11%	0.11%
Number of Options	325,000	4,000,000	250,000
Valuation per Option	\$0.2759	\$0.1416	\$0.1416
Valuation	\$89,668	\$566,400	\$35,400

In addition to the above share based payments, the Company issued 1,388,889 shares at a fair value of \$0.36 per share, being a total fair value of \$500,000, as consideration for corporate advisory fees.

NOTE 7: CAPITAL AND LEASING COMMITMENTS

(a) Mineral exploration expenditure

The Group must meet the following tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. These commitments are not provided for in the consolidated financial statements and are:

	31 Dec 2020 \$	30 June 2020 \$
Not later than one year	219,800	87,000
After one year but less than five years	613,200	125,830
	833,000	212,830

In addition to the above, as part of the Goldview acquisition, the Company has agreed to use its best endeavours to expend a minimum of \$1,000,000 on exploration and development of the Goldview tenements within the first 12 months upon completion of the transaction.

(b) Other commitments due within 1 year

The Directors are not aware of any other commitments that have not been recognised as liabilities in the accounts as of 31 December 2020 (30 June 2020: Nil).

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 8: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The following components of the consideration of Goldview Metals Pty Ltd are disclosed as contingent liabilities:

- Royalty: Goldview's major shareholder, Michael Caruso, will retain a 1.5% Net Profit After Tax (NPAT) royalty over material processed from the Island Gold Project. The Company has the right to purchase the 1.5% NPAT royalty for \$1,500,000 at any time before the commencement of production; and
- Milestone payment: 5,000,000 shares in the Company to be issued to shareholders of Goldview or their nominees upon reporting to the ASX a mineral resource in accordance with the JORC 2012 Edition Guidelines of a minimum of 250,000 ounces of gold at a minimum grade of 2.0 g/t of gold.

The Group has no other contingent liabilities or contingent assets as at 31 December 2020 (30 June 2020: Nil).

NOTE 9: SEGMENT INFORMATION

The Company's operations are in one reportable business segment, being the exploration for gold, lead, zinc and copper. The Company operates in one geographical segment, being Australia.

NOTE 10: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial half year that significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

CAPRICE RESOURCES LTD AND CONTROLLED ENTITY

DIRECTORS' DECLARATION

In the opinion of the Directors of the Company:

1. The consolidated financial statements and notes, as set out within this financial report, are in accordance with the Corporations Act 2001 Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. The attached consolidated financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2020 and of the performance for the half year ended on that date; and
3. 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 303(5)(a) of the Corporations Act 2001

On behalf of the directors



Scott Patrizi
Executive Chairman

Dated this 10th day of March 2021

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +618 9261 9100

F +618 9261 9111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE DIRECTORS OF
CAPRICE RESOURCES LTD**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Caprice Resources Ltd which comprises the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Caprice Resources Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

A Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 10 March 2021