

Great Northern Palladium Pty Ltd

ACN 645 861 196

Financial Report for the period:

12 November 2020 to 31 December 2020

Great Northern Palladium Pty Ltd
Contents
For the period ended 31 December 2020

Consolidated statement of profit or loss and other comprehensive income	3
Consolidated statement of financial position	4
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	6
Notes to the financial statements	7
Directors' declaration	17
Independent auditor's report to the members of Great Northern Palladium Pty Ltd	18

General information

These financial statements present the financial information for Great Northern Palladium Pty Ltd as a consolidated entity consisting of Great Northern Palladium Pty Ltd (the "Company") and the entity it controlled throughout the period (Group or consolidated entity). The financial statements are presented in Australian dollars, which is Great Northern Palladium Pty Ltd's functional and presentation currency.

Great Northern Palladium Pty Ltd is a proprietary company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 2
11 Ventnor Avenue
West Perth WA 6005

Principal place of business

Suite 2
11 Ventnor Avenue
West Perth WA 6005

The financial statements were authorised for issue, in accordance with a resolution of Directors, 22 April 2021. The Directors have the power to amend and reissue the financial statements.

Great Northern Palladium Pty Ltd
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2020

	Note	12 November 2020 – 31 December 2020 \$
Interest income		261
Expenses		
Audit fee		(7,500)
Company secretarial and accounting fees		(2,531)
Consulting fees		(4,675)
Director fees		(2,129)
Legal fees		(67,356)
Subscription		<u>(11)</u>
Loss before income tax expense		(83,941)
Income tax expense	2	<u>-</u>
Loss after income tax for the period attributable to the owners of Great Northern Palladium Pty Ltd		<u>(83,941)</u>
Other comprehensive income for the period, net of tax		<u>-</u>
Total comprehensive loss for the period attributable to the owners of Great Northern Palladium Pty Ltd		<u><u>(83,941)</u></u>

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

Great Northern Palladium Pty Ltd
Consolidated statement of financial position
As at 31 December 2020

	Note	2020 \$
Assets		
Current assets		
Cash and cash equivalents	3	700,659
GST receivable		<u>1</u>
Total current assets		<u>700,660</u>
Non-current assets		
Exploration and evaluation expenditure	4	<u>15,610,000</u>
Total non-current assets		<u>15,610,000</u>
Total assets		<u>16,310,660</u>
Liabilities		
Current liabilities		
Trade and other payables	5	<u>894,191</u>
Total current liabilities		<u>894,191</u>
Net assets		<u>15,416,469</u>
Equity		
Issued capital	6	12,500,410
Accumulated losses		<u>(83,941)</u>
Owners of Great Northern Palladium Pty Ltd		12,416,469
Non-controlling interest	7	<u>3,000,000</u>
Total equity		<u>15,416,469</u>

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

Great Northern Palladium Pty Ltd
Consolidated statement of changes in equity
For the period ended 31 December 2020

	Issued capital \$	Accumulated losses \$	Total \$	Non- controlling interest \$	Total equity \$
Balance at 12 November 2020	-	-	-	-	-
Loss after income tax expense for the period	-	(83,941)	(83,941)	-	(83,941)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	(83,941)	(83,941)	-	(83,941)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	12,500,410	-	12,500,410	-	12,500,410
Non-controlling interest on acquisition of a subsidiary	-	-	-	3,000,000	3,000,000
Balance at 31 December 2020	<u>12,500,410</u>	<u>(83,941)</u>	<u>12,416,469</u>	<u>3,000,000</u>	<u>15,416,469</u>

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

Great Northern Palladium Pty Ltd
Consolidated statement of cash flows
For the period ended 31 December 2020

	Note	12 November 2020 – 31 December 2020 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)		(12)
Interest received		<u>261</u>
Net cash provided by operating activities		<u>249</u>
Cash flows from investing activities		
Payment to acquire tenements	7	<u>(11,800,000)</u>
Net cash used in investing activities		<u>(11,800,000)</u>
Cash flows from financing activities		
Proceeds from issue of shares	6	<u>12,500,410</u>
Net cash provided by financing activities		<u>12,500,410</u>
Net increase in cash and cash equivalents		700,659
Cash and cash equivalents at the beginning of the financial period		<u>-</u>
Cash and cash equivalents at the end of the financial period	3	<u><u>700,659</u></u>

The above 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 the period presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group 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.

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') 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').

The Company was incorporated on 12 November 2020 and hence the reporting period is from incorporation to 31 December 2020. As this is the Company's first financial report, no comparatives have been included.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Going concern

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

The Group had net current liabilities of \$193,531 at 31 December 2020 and incurred a loss for the period of \$83,941.

Pursuant to an Option Agreement, the major shareholders of the Company agreed to irrevocably grant to Red Emperor Resources NL (ASX: RMP) an exclusive and binding option exercisable until 30 June 2021 to acquire 100% of the issued capital of the Company. The major shareholders of the Company also agreed to procure that the remaining shareholders of the Company enter into sale agreements with Red Emperor Resources NL in respect of their respective shares in the Company. It is expected this transaction will complete on or before 30 June 2021. Included in trade and other payables is estimated stamp duty owing of \$610,000 relating to the asset acquisition as disclosed in Note 7.

Based on the Group's future cashflow forecast, the Group will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The ability of the Group to continue as a going concern is dependent upon the Option Agreement with Red Emperor Resources NL or, if this does not proceed, by such other means as deemed necessary, for example undertaking an issue of equity to private equity funds or similar.

On 31 January 2020, the COVID-19 pandemic was announced by the World Health Organisation and is continuing to have a negative impact on world stock markets, currencies and general business activity. The Group has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the Company to raise capital in the current prevailing market conditions.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 1. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of a subsidiary of Great Northern Palladium Pty Ltd as at 31 December 2020 and the results of the subsidiary for the period then ended. Great Northern Palladium Pty Ltd and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the consolidated entity, are shown separately within the equity section of the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

Share-based payment transactions for the acquisition of goods and services

Share-based payment arrangements in which the Group receives goods or services in exchange for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably. If the fair value of the goods or services received cannot be reliably measured, the transaction is measured by the by reference to the fair value of the instruments granted.

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.

Note 1. Significant accounting policies (continued)

Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- Such costs are expected to be recouped through successful development and exploitation or from sale of the area: or
- Exploration and evaluation activities in the area have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made. 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.

Impairment of assets

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Any excess of the asset's carrying value over its recoverable amount is expensed to profit and loss.

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 Group'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 Group's normal operating 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.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes 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 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.

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group 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.

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.

Asset acquisition

Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured at their fair value at the acquisition date.

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 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.

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 Group for the annual reporting period ended 31 December 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

Note 1. Significant accounting policies (continued)

Critical accounting estimates

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. Information about estimates and judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

- 1) The acquisition of Panton Sill Pty Ltd is treated as an asset acquisition in accordance with AASB 3 *Business Combination*. Refer note 7 for further details.
- 2) Accrual of stamp duty payable on asset acquisition of \$610,000 as discussed in note 4 (Exploration and evaluation expenditure) and note 5 (Trade and other payables). The accrual is deemed to reflect the likely outflow required for the stamp duty.

Note 2. Income tax expense

	12 November 2020 – 31 December 2020 \$
Current tax expense	-
Deferred tax expense	-
	<hr/> -
Loss before income tax expense	(83,941)
Tax at statutory tax rate of 30%	(25,182)
Effect of changes in unrecognised temporary differences and unused tax losses	<hr/> 25,182
Income tax expense	<hr/> -

Note 3. Cash and cash equivalents

	2020 \$
Cash at bank	700,274
Petty cash	<hr/> 385
	<hr/> 700,659

Great Northern Palladium Pty Ltd
Notes to the financial statements
For the period ended 31 December 2020

Note 4. Exploration and evaluation expenditure

	2020 \$
Opening balance	-
Acquisition during the period (i)	15,000,000
Estimated stamp duty payable (i)	<u>610,000</u>
Closing balance	<u>15,610,000</u>

(i) On 6 December 2020, the Company executed a Share Sale and Purchase Agreement ("Agreement") with Panaromic Resources Limited to acquire 80% of legal and beneficial interest in the issued capital of Panton Sill Pty Ltd ("Panton"). Panton is the sole legal and beneficial owner of Tenements M80/103, M80/104 and M80/105 in Western Australia. Refer note 7 for further details. The estimated stamp duty payable on this transaction is \$610,000.

Note 5. Trade and other payables

	2020 \$
Consideration payable (note 7)	200,000
Accruals	84,191
Estimated stamp duty payable (note 4)	<u>610,000</u>
	<u>894,191</u>

Note 6. Equity - issued capital

	2020 Number	2020 \$
Ordinary shares - fully paid	<u>17,500,000</u>	<u>12,500,410</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	12 November 2020	-	-	-
Issue of shares	12 November 2020	2,500,000	\$0.0001	250
Issue of shares	4 December 2020	11,700,000	\$1	11,700,000
Issue of shares	7 December 2020	500,000	\$1	500,000
Issue of shares	8 December 2020	300,000	\$1	300,000
Issue of shares	8 December 2020	1,000,000	\$1.00001	1,000,010
Issue of shares	8 December 2020	1,500,000	\$0.0001	150
Less: Capital raising costs				<u>(1,000,000)</u>
Balance	31 December 2020	<u>17,500,000</u>		<u>12,500,410</u>

Note 6. Equity - issued capital (continued)

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.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. The capital structure of the Group consists of equity comprising issued capital and accumulated losses.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is to maintain sufficient current working capital position to meet the requirements of the Group to meet exploration programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

Note 7. Asset Acquisition

On 6 December 2020, the Company executed a Share Sale and Purchase Agreement ("Agreement") with Panaromic Resources Limited to acquire 80% of legal and beneficial interest in the issued capital of Panton Sill Pty Ltd ("Panton") for a cash consideration of \$12,000,000. The Agreement also grants an option to the Company to acquire a further 20% legal and beneficial interest in the capital of Panton for a cash consideration of \$3,000,000.

The acquisition was completed through the following:

Purchase consideration	\$
Cash payment	11,800,000
Consideration payable (i)	<u>200,000</u>
	<u>12,000,000</u>
 Net assets acquired	 \$
Exploration and evaluation assets	15,000,000
Less: Non-controlling interest	<u>(3,000,000)</u>
	<u>12,000,000</u>

(i) Paid on 11 February 2021.

Estimated stamp duty on the asset acquisition is \$610,000.

Non-controlling interest	\$
Exploration and evaluation assets	<u>3,000,000</u>
	<u>3,000,000</u>

The non-controlling interest has a 20% interest in the Exploration and evaluation assets of Panton Sill Pty Ltd.

Note 8. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Market risk

Foreign currency risk

The Group is not exposed to any significant foreign exchange risk.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group is not exposed to any significant interest rate risk.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The following tables detail the Group's contractual maturity for its financial assets and liabilities:

	Carrying amount \$	Contractual cash flows \$	Less than 1 year \$
<i>Financial assets</i>			
Cash and cash equivalents	700,659	700,659	700,659
GST receivable	1	1	1
	<u>700,660</u>	<u>700,660</u>	<u>700,660</u>
<i>Financial liabilities</i>			
Trade and other payables	894,191	894,191	894,191
	<u>894,191</u>	<u>894,191</u>	<u>894,191</u>

Fair value

Due to their short-term nature, the carrying amount of the financial assets and financial liabilities is assumed to approximate their fair value.

Note 9. Contingent liabilities

The Group did not have any contingent assets or liabilities as at 31 December 2020.

Note 10. Commitments

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay amounts totaling \$226,000 per annum to meet minimum expenditure requirements.

Great Northern Palladium Pty Ltd
Notes to the financial statements
For the period ended 31 December 2020

Note 11. Related party transactions

Subsidiary

The consolidated financial statements include the financial statements of Great Northern Palladium Pty Ltd and its 80% subsidiary, Panton Sill Pty Ltd, an Australian private company limited by shares.

Transactions with related parties

On 10 December 2020, the Company signed a Consultancy Agreement with Director, Eddie King for corporate services provided by King Corporate Pty Ltd of \$3,000 plus GST per month. The amount owing to King Corporate Pty Ltd as at 31 December 2020 was \$2,129.

Loans to/from related parties

None.

Note 12. Reconciliation of loss after income tax to net cash from operating activities

	2020
	\$
Loss after income tax expense for the period	(83,941)
Adjustments for:	
GST receivable	(1)
Increase in trade and other payables	<u>84,191</u>
Net cash provided by operating activities	<u><u>249</u></u>

There are no movements in non-cash investing and financing activities.

Note 13. Remuneration of auditors

	2020
	\$
<i>Payable to BDO Perth:</i>	
Audit services	7,500
Tax services	<u>2,500</u>
Total remuneration	<u><u>10,000</u></u>

Great Northern Palladium Pty Ltd
Notes to the financial statements
For the period ended 31 December 2020

Note 14. Parent entity

	2020
	\$
Statement of Financial Position	
Current assets	700,659
Non-current assets	<u>12,610,000</u>
Total Assets	<u>13,310,275</u>
Current liabilities	<u>894,191</u>
Net Assets	<u>15,416,469</u>
Issued capital	12,500,410
Accumulated losses	<u>(83,941)</u>
Total equity	<u>12,416,469</u>
Statement of Profit or Loss and Other Comprehensive Income	
Loss for the year	<u>(83,941)</u>
Total comprehensive loss	<u>(83,941)</u>

Note 15. Events after the reporting period

Pursuant to an Option Agreement, the major shareholders of the Company agreed to irrevocably grant to Red Emperor Resources NL (ASX: RMP) an exclusive and binding option exercisable until 30 June 2021 to acquire 100% of the issued capital of the Company. The major shareholders of the Company also agreed to procure that the remaining shareholders of the Company enter into sale agreements with Red Emperor Resources NL in respect of their respective shares in the Company. It is expected this transaction will complete on or before 30 June 2021.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 29 March 2021, the Company received a \$50,000 interest-free loan from Director, Eddie King. The loan is repayable on demand.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Great Northern Palladium Pty Ltd
Directors' declaration
For the period ended 31 December 2020

In the Directors' opinion:

- the attached financial statements and notes comply with Accounting Standards;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the period ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

On behalf of the Directors



Eddie King
Director
22 April 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Great Northern Palladium Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Great Northern Palladium Pty Ltd (the Entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 period then ended, and notes to the financial report, including a summary of significant accounting policies and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards.

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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 22 April 2021