

Codrus Minerals Limited
(formerly known as Black Eagle (WA) Pty Ltd)

ABN 17 600 818 157

Annual Report - 30 June 2020

Corporate Directory	2
Directors' Report	3
Auditor's Independence Declaration	7
Financial Report	9
Directors' Declaration	26
Independent Auditor's Review Opinion	27

Corporate Directory

Directors

Andrew Radonjic
Shannan Bamforth
Jamie Byrde
Stuart Owen

Company Secretary

Jamie Byrde

Principal & Registered Office

Level 3, 24 Outram Street
West Perth WA 6005
Telephone: (08) 9425 5217
Facsimile: (08) 6500 9982

Lawyers

Steinepreis Paganin
Lawyers & Consultants
Level 4, 16 Milligan Street
Perth WA 6000 Australia

Auditors

Stantons International
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Bankers

National Australia Bank
50 St Georges Terrace
PERTH WA 6000

Website Address

www.codrusminerals.com.au

Codrus Minerals Limited
Directors' report
30 June 2020

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Codrus Minerals Limited (formerly known as Black Eagle (WA) Pty Ltd) (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were directors of Codrus Minerals Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Radonjic (Appointed on 1 August 2017)
Shannan Bamforth (Appointed on 29 March 2021)
Jamie Byrde (Appointed on 1 January 2021)
Stuart Owen (Appointed on 1 January 2021; Resigned on 29 March 2021)

Principal activities

The principal activity of the Group during the year was mineral exploration. There were no significant changes in the nature of the Group's principal activities during the year.

Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend to the date of this report.

Review of operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$533,246 (30 June 2019: \$363,494).

The Group has three Australian projects (Silver Swan South, Red Gate and Middle Creek), which are all located in Western Australia and are prospective for gold, with the Silver Swan South project also prospective for nickel sulfides. The Group also has a project based in the United States, namely Record Mine.

Silver Swan South Project (100% interest)

The Silver Swan South Project comprises one granted exploration licence E27/545 and six granted prospecting licences, P27/2191 – 2196 covering an area of 38.5 km². The Project is along trend of the massive nickel sulfide Silver Swan Deposit (pre-mining ore reserve of 655 kt at 9.5% Nickel) and associated deposits (pre-mining resource of 10.4 Mt at 1.0% Nickel), and only 8 km northeast of the major Kanowna Belle Gold Mine (+5 Moz gold endowment).

During the year, the Group has continued to work on finalising priority targets for drill testing.

Highlights of the Project include:

- The Group's second phase aircore drilling program at Silver Swan South intersected gold mineralisation and extensive basement geochemical anomalism at the Black Eagle prospect with the following result:
 - 10 m @ 3.2 g/t Au from 68 m within;
 - 15 m @ 2.2 g/t Au from 64 m to end of hole.
- These results significantly upgraded the Black Eagle prospect and when combined with previous reconnaissance results of 3m @ 3.5g/t Au from 60m saw Black Eagle elevated to a priority drill target;
- The Silver Swan South project is located 8 km along strike and encompasses the interpreted extension of the Fitzroy Shear Zone which hosts the Kanowna Belle Gold Mine (+5 Moz gold endowment);
- Aircore drilling will also target the Black Hawk prospect following up on an initial 3 m @ 2.6 g/t Au from 52 m intersected in the first phase of drilling at Silver Swan South.

The Group's initial drilling at Silver Swan South is targeting both gold, hosted by structural targets along strike from the Kanowna Belle Gold Mine (+5Moz gold endowment), and nickel sulfide mineralisation, associated with ultramafic units along strike from the Silver Swan and Black Swan Nickel Mines (endowment 166kt Ni metal). The initial programs are designed to test for basement hosted mineralisation, using air core drilling, to improve definition of gold and base metal anomalism identified by previous reconnaissance style drilling.

Red Gate Project (100% interest)

The Red Gate Project consists of one granted Exploration Licence E31/1096 covering an area of 145.2 km². The Project is centred 10 km north of the Porphyry Gold Mine (0.9 Moz gold endowment), 140 km northeast of Kalgoorlie. Historical exploration work has mostly targeted the Porphyry North Prospect where shallow, outcropping mineralisation has been defined. There is the potential to discover further mineralisation at Porphyry North and several other prospects nearby. During the year, the Group continued to work on finalising priority targets for drill testing.

Middle Creek Project (95% - 100% interest)

The Middle Creek Project is adjacent to Millennium Minerals Limited's Nullagine Gold Project (where the Golden Eagle operations have produced >400 koz gold since 2012 and, as at 31st July 2018, had a 1.1Moz resource inventory), in the Pilbara region of Western Australia and consists of 21 prospecting licence covering 37.7 km² within the Mosquito Creek belt. During the year, the Group continued to work on finalising priority targets for drill testing.

Record Mine

There has been no significant changes during the year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and 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 1 January 2021, Mr Stuart Owen and Mr Jamie Bryde were appointed as Non-Executive Directors of Codrus Minerals Limited and the Company was renamed as Codrus Minerals Limited.

On 15 January 2021, Blackstone Minerals Limited (ASX: BSX), the ultimate holding company of Codrus Minerals Limited, has announced the decision to spin out non-core gold assets, namely Record Mine Project, Silver Swan South Project, Red Gate Project, and Middle Creek Project, via its wholly owned Australian subsidiary, Codrus Minerals Limited (formerly known as Black Eagle (WA) Pty Ltd). It is intended that the Company will undertake an Initial Public Offering and seek listing on the Australian Stock Exchange.

On 29 March 2021, Mr Shannan Bamforth was appointed as the Managing Director of Codrus Minerals Limited. Mr Stuart Owen resigned as Non-Executive Director of the Company.

Apart from the above, there were no other matter or circumstance has arisen since 30 June 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Codrus Minerals Limited
Directors' report
30 June 2020

Information on directors

Name: Andrew Radonjic
Title: Non-Executive Director (Appointed on 1 August 2017)
Qualifications: BAppSc (Mining Geology), MSc (Mineral Economics), MAusIMM
Experience and expertise: Mr Radonjic is a geologist and mineral economist with over 30 years of experience in mining and exploration, with a specific focus on gold and nickel in the Eastern Goldfields of Western Australia. Mr Radonjic began his career at the Agnew Nickel Mine before spending over 15 years in the Paddington, Mount Pleasant and Lady Bountiful Extended gold operations north of Kalgoorlie, where he has fulfilled a variety of senior roles which gave rise to three gold discoveries, totalling in excess of 3 million ounces in resources and in the development of over 1 million ounces.
Special responsibilities: None

Name: Shannan Bamforth
Title: Managing Director (Appointed on 29 March 2021)
Qualifications: BSc (Geology)
Experience and expertise: Mr Bamforth is a geologist with over 20 years' experience in the resources industry with a focus on base metals and gold. He has worked in exploration, operations and corporate roles in Australia, Africa, China and Indonesia. Prior to joining Codrus Minerals Limited, Mr Bamforth held various senior positions with a variety of companies including Sandfire Resources Limited, Regent Pacific Group, St Barbara Mines, AngloGold Ashanti, and Acacia Resources. He is a member of The Australian Institute of Mining and Metallurgy.
Special responsibilities: None

Name: Jamie Byrde
Title: Non-Executive Director (Appointed on 1 January 2021)
Qualifications: BComm, CA
Experience and expertise: Mr Byrde is a Chartered Accountant with over 16 years' experience in corporate advisory, public and private company management since commencing his career with Big four and mid-tier Chartered Accounting Firms positions. Mr Byrde specialises in Financial Management, ASX and ASIC compliance and Corporate Governance of mineral and resource focused public companies. Mr Byrde is also currently Company Secretary for Blackstone Minerals Limited.
Special responsibilities: None

Name: Stuart Owen
Title: Non-Executive Director (Appointed on 1 January 2021; Resigned on 29 March 2021)
Qualifications: BSc (Geology & Geography), PhD (Geology) and Member of AIG
Experience and expertise: Dr Owen has a BSc & PhD in geology and over 25 years of experience in mineral exploration for a wide range of commodities including gold, nickel, copper, cobalt, PGEs, tin, tungsten, iron ore, uranium and diamonds in Australia, Africa, SE Asia and North America. Stuart was Senior Geologist for Taipan Resources NL when Taipan discovered and took the Paulsens gold deposit through feasibility study (subsequent production 909,000oz at 7.17g/t Au to 2017). He was Exploration Manager for Adamus Resources Ltd from listing on ASX to a stage where a company-making resource of over one million ounces gold had been defined for Southern Ashanti Gold Project and has produced >600,000 oz Au to date. Stuart has been Exploration Manager for Venture Minerals since its listing on the ASX in 2006.
Special responsibilities: None

Company secretary

Mr Jamie Byrde was appointed as the Company Secretary on 1 August 2017.

Codrus Minerals Limited
Directors' report
30 June 2020

Shares under option

There were no options issued as at the date of this report.

Shares issued on the exercise of options

There were no shares issued on exercise of options at the date of this report.

Indemnity and insurance of officers

The Company, through its ultimate holding company, Blackstone Minerals Limited (ASX:BSX), has indemnified the director of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, Blackstone Minerals Limited, its parent company, paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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.

Auditor

Stantons International Limited continues in office in accordance with section 327 of the Corporations Act 2001.

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



Jamie Byrde
Director

6 April 2021
Perth

6 April 2021

The Directors
Codrus Minerals Limited
Level 3, 24 Outram Street
WEST PERTH WA 6005

Dear Sirs

RE: CODRUS MINERALS LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Codrus Minerals Limited.

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

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

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD



Martin Michalik
Director

Codrus Minerals Limited

Contents

30 June 2020

Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13
Directors' declaration	26
Independent auditor's report to the members of Codrus Minerals Limited	27

General information

The financial statements cover Codrus Minerals Limited as a consolidated entity consisting of Codrus Minerals Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Codrus Minerals Limited's functional and presentation currency.

Codrus Minerals Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 3, Level 3,
24 Outram Street,
West Perth 6005

Principal place of business

Suite 3, Level 3,
24 Outram Street,
West Perth 6005

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 6 April 2021. The directors have the power to amend and reissue the financial statements.

Codrus Minerals Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 \$	2019 \$
Income		-	-
Expenses			
Exploration expenditure written off	4	(513,246)	(363,494)
Professional fees	10	(20,000)	-
Loss before income tax expense		(533,246)	(363,494)
Income tax expense	3	-	-
Loss after income tax expense for the year		(533,246)	(363,494)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year attributable to owners		<u>(533,246)</u>	<u>(363,494)</u>

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

Codrus Minerals Limited
Consolidated statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalent		-	-
Total current assets		<u>-</u>	<u>-</u>
Non-current assets			
Exploration expenditure	4	-	-
Total non-current assets		<u>-</u>	<u>-</u>
Total assets		<u>-</u>	<u>-</u>
Liabilities			
Current liabilities			
Trade and other payables	5	20,000	-
Total current liabilities		<u>20,000</u>	<u>-</u>
Non-current liabilities			
Trade and other payables	5	1,718,096	1,204,850
Total non-current liabilities		<u>1,718,096</u>	<u>1,204,850</u>
Total liabilities		<u>1,738,096</u>	<u>1,204,850</u>
Net assets deficiency		<u><u>(1,738,096)</u></u>	<u><u>(1,204,850)</u></u>
Equity			
Issued capital	6	1	1
Accumulated losses	7	(1,738,097)	(1,204,851)
Total equity		<u><u>(1,738,096)</u></u>	<u><u>(1,204,850)</u></u>

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

Codrus Minerals Limited
Consolidated statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	1	(841,357)	(841,356)
Loss after income tax expense for the year	-	(363,494)	(363,494)
Total comprehensive loss for the year	-	(363,494)	(363,494)
Balance at 30 June 2019	1	(1,204,851)	(1,204,850)

Consolidated	Issued capital \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2019	1	(1,204,851)	(1,204,850)
Loss after income tax expense for the year	-	(533,246)	(533,246)
Total comprehensive loss for the year	-	(533,246)	(533,246)
Balance at 30 June 2020	1	(1,738,097)	(1,738,096)

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

Codrus Minerals Limited
Consolidated statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 \$	2019 \$
Cash flows from operating activities	18	-	-
Cash flows from investing activities			
Payments for exploration expenditure		-	-
Net cash used in investing activities		-	-
Cash flows from financing activities			
Loan from related party		-	-
Net cash used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at the end of the financial year		-	-

Note: All expenditure was paid directly by the parent company of Codrus Minerals Limited, Blackstone Minerals Limited, and therefore no cashflow movement in Codrus Minerals Limited.

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

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Note 1. Significant accounting policies

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

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, 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 Group'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.

The Company's parent entity, Blackstone Minerals Limited, includes the Company in its consolidated financial statements, which are prepared in accordance with Australian Accounting Standards and also comply with the International Financial Reporting Standards as issued by the IASB. The consolidated financial statements are available on the website.

Going concern

The financial statements for the year ended 30 June 2020 have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the year, the Group recorded a loss of \$533,246 (2019: \$363,494). At balance date, the Group has a net asset deficiency of \$1,738,096 (2019: \$1,204,850).

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, including progression of its exploration and project development activities and meeting its annual tenement expenditure commitments.

In early 2020, the COVID-19 pandemic was announced by the World Health Organisation and is having a negative impact on world stock markets, currencies and general business activity. 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 Group 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.

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to receive continuous financial support from its ultimate holding company, Blackstone Minerals Limited (ASX: BSX) to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis as the Group is currently in the process of preparing for an IPO as at the date of this report. Should the IPO not proceed or be delayed, the Group may:

- Receive continuous financial support from its ultimate holding company, Blackstone Minerals Limited;
- Scale back certain activities that are non-essential so as to conserve cash;
- Undertake a whole or partial sale of interests in mineral exploration assets.

Should the Group not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. 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.

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.

AASB 16: Leases applies to annual reporting periods beginning on or after 1 January 2020

The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised as of 1 July 2019. As a result of the changes in Group's accounting policies, current or prior year financial statements were not required to be restated as the leases were deemed to be short term and minor.

The Group as lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Group as lessor

The Group does not have any property which has been leased out, and therefore not applicable.

As a result of the changes in Group's accounting policies, there were no material impacts on the Group's financial statements for the year ended 30 June 2020.

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

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 15.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Codrus Minerals Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Codrus Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those 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.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Exploration and evaluation assets

The exploration and evaluation expenditure accounting policy is to expense expenditure as incurred rather than for the capitalisation of acquisition costs. Acquired Mineral Rights comprise exploration and evaluation assets which are acquired as part of asset acquisitions recognised at cost. These costs are assessed for recoverability in accordance with AASB 6.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Codrus Minerals Limited's and its subsidiaries functional and presentation currency.

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges, qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for the statement of comprehensive income are translated at average exchange rates, and
- All resulting exchange differences are recognised in other comprehensive income.

Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

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.

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Financial instruments

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

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 consolidated entity for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, 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 consolidated entity 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 2. Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recovery of deferred tax assets

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

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. Other than as addressed in Going Concern note and Events Subsequent to Reporting Date note, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Note 3. Income tax expense

	Consolidated	
	2020	2019
	\$	\$
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
Adjustment recognised for prior periods	-	-
	<u>-</u>	<u>-</u>
Aggregate income tax expense	<u>-</u>	<u>-</u>
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets		
Increase/(decrease) in deferred tax liabilities	-	-
	<u>-</u>	<u>-</u>
Deferred tax - origination and reversal of temporary differences	-	-
	<u>-</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	<u>(533,246)</u>	<u>(363,494)</u>
Tax/(tax benefit) at the statutory tax rate of 27.5% (2019: 27.5%)		
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Exploration written off	(146,643)	(99,961)
Unrecognised tax losses	146,643	99,961
	<u>-</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>

Note 4. Non-current assets – exploration expenditure

	Consolidated	
	2020	2019
	\$	\$
Exploration expenditure	<u>-</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the beginning and end of the current and previous financial year are set out below:		
Opening balance	-	-
Additions	513,246	363,494
Expensed to profit or loss	<u>(513,246)</u>	<u>(363,494)</u>
Closing balance	<u>-</u>	<u>-</u>

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Note 5. Liabilities

	Consolidated 2020 \$	2019 \$
Trade and other payables		
Current		
Accruals	20,000	-
Non-Current		
Loan from related party	1,718,096	1,204,850

Note 6. Equity - issued capital

	2020 Shares	Consolidated 2019 Shares	2020 \$	2019 \$
Ordinary shares - fully paid	4	4	1	1

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	4	-	1
Balance	30 June 2019	4	-	1
Balance	30 June 2020	4	-	1

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 can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Note 7. Equity – accumulated losses

	Consolidated	
	2020	2019
	\$	\$
Accumulated losses at the beginning of the financial year	1,204,851	841,357
Loss after income tax expense for the year	<u>533,246</u>	<u>363,494</u>
Accumulated losses at the end of the financial year	<u>1,738,097</u>	<u>1,204,851</u>

Note 8. Segment Reporting

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For the purposes of segment reporting the chief operating decision maker has been determined as the board of directors. The board monitors the entity primarily from a geographical perspective, and has identified three operating segments, being exploration for mineral reserves Australia, the United States and the corporate/head office function.

The segment information provided to the board of directors for the reportable segments for the year ended 30 June 2020 is as follows:

	Exploration			
	Australia	United States	Corporate	Total
For the year ending 30 June 2020				
Exploration expenditure written off	392,405	120,841	20,000	533,246
Total segment (loss) before income tax	<u>392,405</u>	<u>120,841</u>	<u>20,000</u>	<u>533,246</u>
For the year ending 30 June 2019				
Exploration expenditure written off	338,620	24,874	-	363,494
Total segment (loss) before income tax	<u>338,620</u>	<u>24,874</u>	<u>-</u>	<u>363,494</u>
Total segment assets				
30 June 2020	-	-	-	-
30 June 2019	-	-	-	-
Total segment liabilities				
30 June 2020	1,572,382	145,714	20,000	1,738,096
30 June 2019	1,179,976	24,874	-	1,204,850

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Note 9. Financial instruments

Financial risk management objectives

The Group's risk management framework is supported by the Board and management. The Board is responsible for approving and reviewing the Group's risk management strategy and policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Group has exposure to the following risks:

- Market risk
- Liquidity risk

Market risk

Market risk is the risk that changes in market prices, such as commodity prices will affect the Group's potential income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. There were no changes in the Group's market risk management policies from previous years.

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Group aims at ensuring flexibility in its liquidity profile by maintaining the ability to undertake capital raisings. Funds in excess of short term operational cash requirements are generally only invested in short term bank bills.

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

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	>5 years
30 June 2020					
Trade and other payables	1,738,096	1,738,096	-	-	1,738,096
30 June 2019					
Trade and other payables	1,204,850	1,204,850	-	-	1,204,850

Note 10. Key management personnel disclosures

Compensation

There was no compensation made to director and other members of key management personnel of the Group during the year.

Note 11. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Stantons International, the auditor of the Company:

	Consolidated	
	2020	2019
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements	20,000	-

Note: The audit fee accrual includes both 2019 and 2020.

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Note 12. Contingent liabilities

There were no contingent liabilities as at reporting date (2019: Nil)

Note 13. Commitments

	Consolidated	
	2020	2019
	\$	\$
<i>Capital commitments</i>		
Exploration commitment		
Not longer than one year	325,431	345,015
Longer than one year, but not longer than five years	1,685,811	1,306,529
Longer than five years	-	-
	<u>2,011,242</u>	<u>1,651,544</u>

Note 14. Related party transactions

Parent entity

Codrus Minerals Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 16.

Key management personnel

Disclosures relating to key management personnel are set out in note 10.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2020	2019
	\$	\$
Payment for exploration expenditure by Blackstone Minerals Limited (ultimate holding company of Codrus Minerals Limited)	513,246	363,494

Payables to related party

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2020	2019
	\$	\$
Opening balance	1,204,850	841,356
Movement during the year	513,246	363,494
Closing balance	<u>1,718,096</u>	<u>1,204,8510</u>

Loans to/from related parties

The loan from related party was at \$1,718,096 (2019: \$1,204,850) as at reporting date.

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Note 15. Parent entity information

Set out below is the supplementary information about the parent entity, Codrus Mineral Limited.

Statement of profit or loss and other comprehensive income

	Parent	
	2020	2019
	\$	\$
Loss after income tax	412,405	338,621
Total comprehensive loss	<u>412,405</u>	<u>338,621</u>

Statement of financial position

	Parent	
	2020	2019
	\$	\$
Total current assets	-	-
Total assets	-	-
Total current liabilities	-	-
Total liabilities	<u>1,592,382</u>	<u>1,179,977</u>
Equity		
Issued capital	1	1
Accumulated losses	<u>(1,592,383)</u>	<u>(1,179,978)</u>
Total equity	<u><u>(1,592,382)</u></u>	<u><u>(1,179,977)</u></u>

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Note 16. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020	2019
		%	%
Black Eagle LLC	Oregon, United States	100.00%	100.00%

Codrus Minerals Limited
Notes to the consolidated financial statements
30 June 2020

Note 17. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and 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 Commonwealth and State Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 1 January 2021, Mr Stuart Owen and Mr Jamie Byrde were appointed as Non-Executive Director of Codrus Minerals Limited and the Company was renamed as Codrus Minerals Limited.

On 15 January 2021, Blackstone Minerals Limited (ASX: BSX), the ultimate holding company of Codrus Minerals Limited, has announced the decision to spin out non-core gold assets, namely Record Mine Project, Silver Swan South Project, Red Gate Project, and Middle Creek Project, via its wholly owned Australian subsidiary, Codrus Minerals Limited (formerly known as Black Eagle (WA) Pty Ltd). It is intended that the Company will undertake an Initial Public Offering and seek listing on the Australian Stock Exchange.

On 29 March 2021, Mr Shannan Bamforth was appointed as the Managing Director of Codrus Minerals Limited. Mr Stuart Owen resigned as Non-Executive Director of the Company.

Apart from the above, no other matter or circumstance has arisen since 30 June 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.

Note 18. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2020	2019
	\$	\$
Loss after income tax expense for the year	(533,246)	(363,494)
Adjustments for:		
Exploration costs written off	513,246	363,494
Change in operating assets and liabilities:		
Increase/(decrease) in accruals	20,000	-
Net cash from operating activities	<u>-</u>	<u>-</u>

Codrus Minerals Limited
Director's declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes 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 30 June 2020 and of its performance for the financial year ended on that date; 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



Jamie Byrde
Director

6 April 2021
Perth

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CODRUS MINERALS LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Codrus Minerals Limited (formerly Black Eagle (WA) Pty Ltd) and its subsidiaries ("the Group"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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

Without modification to the audit opinion expressed above, attention is drawn to the following matter.

As referred to in note 1 to the financial report, the financial report has been prepared on a going concern basis. At 30 June 2020, the Group had a net asset and net working capital deficiency of \$1,738,096. The Group incurred a loss for the year ended 30 June 2020 of \$533,246.

The ability of the Group to continue as a going concern and meet its administration, exploration and other commitments is dependent upon the Group raising further working capital or commercialisation of its exploration assets. In the event the Group is unable to raise further working capital and/or commercialise its exploration assets, the Group may not be able to meet its liabilities as they fall due.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our 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 Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
6 April 2021