

Barton Gold Holdings Limited

ACN 633 442 618

Annual Report for the period ended 30 June 2020

Barton Gold Holdings Limited

Financial Report - 30 June 2020

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Corporate Directory

Board of Directors

Mark Connelly	Independent Non-Executive Chair
Alexander Scanlon	Managing Director
Christian Paech	Independent Non-Executive Director
Richard Crookes	Independent Non-Executive Director
Neil Rose	Non-Executive Director
Graham Arvidson	Independent Non-Executive Director

Company Secretary

Shannon Coates

Registered Office

Suite 5/62 Ord Street
West Perth WA 6005
Email: contact@bartongold.com.au
Website: www.bartongold.com.au

Share Registry

Automic Group
Level 5, 126 Phillip St
Sydney NSW 2000
GPO Box 5193
Sydney NSW 2001
Website: www.automicgroup.com.au

Auditors

BDO
38 Station Street
Subiaco, WA 6008

Directors' Report

Your Directors present their report on the Consolidated Entity comprising Barton Gold Holdings Limited (the **Company** or **Barton**) and its controlled entities (the **Group**) for the financial period 14 May 2019 to 30 June 2020.

Directors

The following persons held office as Directors of Barton Gold Holdings Limited from the start of the financial period to the date of this report, unless otherwise stated.

Name	Title	Appointment
Mark Connelly	Non-Executive Chair	12 February 2021
Alexander Scanlon	Managing Director	14 May 2019
Christian Paech	Non-Executive Director	12 February 2021
Richard Crookes	Non-Executive Director	12 February 2021
Neil Rose	Non-Executive Director	14 May 2019
Graham Arvidson	Non-Executive Director	12 February 2021

Company Secretary

Ms Shannon Coates was appointed as Company Secretary on 7 January 2021. Prior to that Mr Allister Blyth was appointed Company Secretary on 14 May 2019 and resigned 7 January 2021.

Information on Directors

Mark Connelly	Independent Non-Executive Chair
Qualifications	BBus, ECU, MAICD, AIMM, Member of SME
Experience	Mr Connelly is a senior resources executive with over 30 years' experience and a particular focus in the gold sector, holding senior roles with Newmont Mining, Inmet Mining and as COO of Endeavour Mining. Mark was the Managing Director of ASX-listed Papillon Resources prior to its 2014 USD \$570m merger with B2Gold. He was also the key proponent responsible for the 2011 USD \$590m merger of Adamus Resources Limited and Endeavour Mining.
Interest in Barton Shares, Convertible Notes and Options at the date of this report	1,500,000 unlisted options, exercisable at \$0.39 per share, expiry 15 February 2025
Special responsibilities	Member of Audit and Risk Committee
Directorships held in other ASX listed entities in the last three years	Non-executive Chairman of Calidus Resources Limited, Chesser Resources Limited, Oklo Resources Limited, Tao Commodities Ltd and Primero Group Limited. Previously Non-executive Director of West African Resources Ltd (September 2015 to May 2020), Ausdrill Limited (June 2012 to June 2018), Toro Gold plc (September 2013 to January 2018), Tiger Resources Ltd (December 2016 to June 2018) and Saracen Mineral Holdings Limited (May 2015 to November 2017).
Alexander Scanlon	Managing Director
Qualifications	BSc Finance (Hons) and Economics (Hons), Masters Fin. Economics, MPhil Management
Experience	Mr Scanlon is a financial economist with over 15 years' experience in structured finance and mining advisory, investment and management including as founder or co-founder of multiple global resources projects. Previously Managing Director of PARQ Capital, a Director with Lusona Capital, Business Development Manager at Sirius Minerals PLC and an Executive in the Principal Investments Area at Barclays Capital.
Interest in Barton Shares, Convertible Notes and Options at the date of this report	87,222,917 fully paid ordinary shares ¹ 6,000,000 unlisted options, exercisable at \$0.39 per share, expiry 15 February 2025
Directorships held in other ASX listed entities in the last three years	Nil

¹ These shares are beneficially held by Gocta Holdings Pty Ltd, which Mr Scanlon is a Director of.

Christian Paech	Independent Non-Executive Director
Qualifications	LLB (Hons), BCom (Accounting), GCLP, GAICD
Experience	Mr Paech is a highly regarded corporate advisor with over +25 years' experience in corporate law, M&A, litigation, risk, governance and major corporate transactions. He was most recently a member of the Senior Leadership Team at ASX-Listed Santos Limited where he was General Counsel from 2010 - 2019 and Company Secretary from 2017 - 2019. Based in Adelaide, Christian was a key advisor to the Santos Board on a wide range of transactions, joint ventures, Government policy and engagement, audit, litigation, risk management and ASX disclosure obligations
Interest in Barton Shares, Convertible Notes and Options at the date of this report	200 convertible notes 1,000,000 unlisted options, exercisable at \$0.39 per share, expiry 15 February 2025
Special responsibilities	Chair of the Remuneration Committee
Directorships held in other ASX listed entities in the last three years	Nil
Richard Crookes	Independent Non-Executive Director
Qualifications	BSc Geology, Dip App Finance, Fellow FINSIA, MAusIMM, MAICD
Experience	Mr Crookes is a geologist with +30 years' experience in global resources development, operations, and investment including as Chief Geologist and Mine Manager of Ernest Henry Mining (now Glencore), Executive Director of Macquarie's Metals Energy Capital (MEC) Division and founding Investment Committee member and Investment Director of EMR Capital focused on deal origination.
Interest in Barton Shares, Convertible Notes and Options at the date of this report	1,000,000 unlisted options, exercisable at \$0.39 per share, expiry 15 February 2025
Special responsibilities	Chair of the Audit and Risk Committee
Directorships held in other ASX listed entities in the last three years	Non-executive Chairman of Highfield Resources Limited, Black Rock Mining Limited and Lithium Power International Limited.
Neil Rose	Non-Executive Director
Qualifications	BCom Finance and Accounting, CA
Experience	Mr Rose is a chartered accountant with a diverse background in the commercial property and resource sectors being involved in project identification, financing and development.
Interest in Barton Shares, Convertible Notes and Options at the date of this report	29,074,306 fully paid ordinary shares 1,000,000 unlisted options, exercisable at \$0.39 per share, expiry 15 February 2025
Special responsibilities	Member of Remuneration Committee and Audit and Risk Committee
Directorships held in other ASX listed entities in the last three years	Nil
Graham Arvidson	Independent Non-Executive Director
Qualifications	BSc (Mech Eng), MBA, MSc (Mineral Economics), MAusIMM CPMet, MIEAust CPEng, GAICD, PMI (PMP)
Experience	Mr Arvidson is a mechanical engineer with +15 years' resource industry experience in key leadership roles including project studies, design, construction, commissioning and management / operations. Graham is the GM Operations & Maintenance for Primero Group and his experience includes early project development through to building operational teams and optimising mineral processing operations across multiple commodity classes.
Interest in Barton Shares, Convertible Notes and Options at the date of this report	41,667 fully paid ordinary shares 100 convertible notes

	1,000,000 unlisted options, exercisable at \$0.39 per share, expiry 15 February 2025
Special responsibilities	Member of Remuneration Committee
Directorships held in other ASX listed entities in the last three years	Nil
Shannon Coates	Company Secretary
Qualifications	LLB, BA (Jur), GAICD, GIA
Experience	Ms Coates is a non-executive director and Chartered Secretary. She is a qualified lawyer and has over 20 years' experience in corporate law and compliance. Ms. Coates is currently Managing Director of Evolution Corporate Services, a boutique corporate advisory firm providing company secretarial and corporate advisory support to boards and various committees across a variety of industries including financial services, resources, oil and gas, manufacturing and technology.

Principal Activities

During the period from incorporation on 14 May 2019 to 30 June 2020, the Group focused on the acquisition of the tenements and assets associated the Challenger, Tarcoola and Tunkillia projects. Following this acquisition, the Group then focussed on a series of exploration programs.

Review of Operations

Loss after income tax for the period 14 May 2019 to 30 June 2020 is \$2.714 million.

In early June 2019, the Group entered into an agreement to acquire the tenements associated with the Challenger, Tarcoola and Tunkillia project areas from the Receivers and Administrators of WPG Group for \$0.300 million. A mining camp was also purchased for \$0.05 million within this sale agreement.

Following this in early October 2019, the Group entered into agreements to acquire the property, plant and equipment associated with the Challenger, Tarcoola and Tunkillia project areas in a further two sale agreements with the Receivers and Administrators of WPG Group for a further \$0.780 million.

Post the acquisitions, the Group commenced significant exploration work that will support our long-term strategy of unlocking the potential of the various prospects on the Company's tenements. The work included the consolidation of all historic geological information into a verified data set that will allow for the future interpretation and implementation of exploration activities. From the collation of this geological data significant desktop studies and drill planning was undertaken in anticipation of the exploration program commencing in July 2020. The company also undertook a geophysical survey and interpretation that underpins future exploration targeting, this geophysical work uncovered areas of interest that will be explored in future periods.

COVID-19 Pandemic Response

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. At the date of this report, the pandemic, together with the various Government measures so far introduced, have not significantly affected the Company itself, as outlined below.

The Company has implemented controls as necessary to protect the health and safety of its workforce and their families while ensuring a safe environment to allow activities to continue.

The Company's COVID-19 response protocols reinforce and operate concurrently with public health advice to include:

- social distancing protocols;
- suspension of large indoor gatherings;
- cancellation of all non-essential travel;
- flexible and remote working plans for employees;
- self-isolation following international travel, development of symptoms, or interaction with a confirmed case of COVID; and
- increased focus on cleaning and sanitation.

No adjustments have been made to the Group's result as at 30 June 2020 for the impacts of COVID-19. However, the scale and duration of possible future Government measures, and their impact on the Company's activities, necessarily remains uncertain.

Options Granted over Unissued Shares

At the date of this report, the following options were on issue:

Issue Date	Exercise Price \$	Expiry	Amount
23 February 2021	\$0.39	15 February 2025	13,000,000

There were no options on issue as at 30 June 2020.

Significant Changes in the State of Affairs

Other than noted above, in the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial period under review.

Likely Developments

The Group will continue explore and develop its Challenger, Tarcoola and Tunkillia projects and is considering a listing of the Australian Securities Exchange.

Events Subsequent to the End of the Reporting Period

On 20 July 2020, the Company raised \$0.500 million through the exercising of a tranche payment from a subscription agreement by a sophisticated investor with the issue of 2,492,877 fully paid ordinary shares at \$0.20 per share.

On 10 August 2020, the Company issued 123,750 at an issue price of \$0.24 shares to a third party for services associated with geophysics.

On 10 September 2020, the Company raised a further \$0.502 million through an equity raise with a sophisticated investor with the issue of 2,496,368 fully paid ordinary shares at \$0.20 per share.

On 1 December 2020, the Company raised \$0.252 million through the exercising of a tranche payment from a subscription agreement by a sophisticated investor with the issue of 918,750 fully paid ordinary shares at \$0.27 per share.

On 18 December 2020, the Company raised \$2.4 million through the issue of 24,350 convertible note at a subscription price of \$100, to private and institutional investors. The convertible notes will automatically convert into fully paid ordinary shares on an initial public offering (IPO) of the Company's shares on the ASX, TSX and LSE or if an IPO does not occur, the holder shall have a right to convert the convertible note following the completion of an alternative offer.

Interest is payable on the convertible notes at a rate of:

- a) 0% per annum from the issue date to 31 March 2021;
- b) 5% per annum from 1 April 2021 to 31 July 2021; and
- c) 10% per annum from 1 August 2021 to maturity date.

Maturity date is 18 December 2021.

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.

Environmental Regulation

The Group's operations are subject to significant environmental regulation under both Commonwealth and relevant State legislation in relation to the discharge of hazardous waste and materials arising from any exploration or mining activities and development conducted by the Group on any of its tenements. Subject to ongoing rehabilitation, the Group believes it has complied with all environmental obligations.

Heritage and Community Relations

The Company recognises the importance of establishing relationships with the Traditional Owners that are based on trust and mutual advantage and are respectful of the needs and concerns of the communities located within the regions in which it operates. The Company has agreements in place with the Traditional Owners and is committed to building strong relationships by:

- Being open and transparent in its communications;
- Improving cross-cultural awareness through training and education;
- Developing community relations management procedures that include business alliances;
- Being sensitive to the values and heritage issues of the local communities; and
- Being a good neighbour.

Indemnification and insurance of officers and auditors

Indemnification

The Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of the Company.

Insurance premiums

Subsequent to period end, the ultimate parent entity has paid premiums on behalf of the Company in respect of directors' and officers' liability and legal expenses insurance contracts, the ultimate parent entity has paid or agreed to pay on behalf of the Company, premiums in respect of such insurance contracts. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Company.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Dividends

No dividends have been declared or paid during the financial period.

Non- Audit Services

There were no non-audit services provided by the Company's auditor (BDO) to the Group for the period 14 May 2019 to 30 June 2020.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on the following page and forms part of the directors' report for the financial period 14 May 2019 to 30 June 2020.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made out in accordance with a resolution of the directors:



Alexander Scanlon
Managing Director

Perth, Western Australia
26 February 2021

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF BARTON GOLD HOLDINGS LIMITED

As lead auditor of Barton Gold Holdings Limited for the period ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Barton Gold Holdings Limited and the entities it controlled during the period.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 26 February 2021

Barton Gold Holdings Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial period 14 May 2019 to 30 June 2020

	Notes	2020 ¹ \$'000
Other income	5	42
Care and maintenance expenditure		(363)
Exploration expenditure		(1,831)
Administrative & other expenses	5	(356)
Finance expense	5	(206)
Loss before income tax		(2,714)
Income tax expense	6	-
Loss for the period		(2,714)
<i>Items that may be reclassified to profit or loss:</i>		
Other comprehensive income		-
Other comprehensive loss for the period attributable to owners of the Company		(2,714)
Loss per share attributable to ordinary equity holders:		
Basic and diluted loss per share		Cents (1.488)

The above statement should be read in conjunction with the accompanying notes.

⁽¹⁾ First reporting period and accordingly there are no comparatives.

Barton Gold Holdings Limited
Consolidated Statement of Financial Position
For the financial period 14 May 2019 to 30 June 2020

	Notes	As at 30 June 2020 ¹ \$'000
Current assets		
Cash and cash equivalents	9	1,773
Trade and other receivables	10	189
Assets held for sale	11	67
Total current assets		2,029
Non-current assets		
Other receivables	12	4,445
Exploration and evaluation	13	9,262
Plant and equipment	14	610
Total non-current assets		14,317
Total assets		16,346
Current liabilities		
Trade and other payables	15	649
Provisions	16	686
Total current liabilities		1,335
Non-current liabilities		
Provisions	16	12,984
Total non-current liabilities		12,984
Total liabilities		14,319
Net assets		2,027
Equity		
Contributed equity	17	4,741
Accumulated losses		(2,714)
Total equity		2,027

The above statement should be read in conjunction with the accompanying notes.

⁽¹⁾ First reporting period and accordingly there are no comparatives.

Barton Gold Holdings Limited
Consolidated Statement of Changes in Equity
For the financial period 14 May 2019 to 30 June 2020

	Contributed equity \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 14 May 2019	-	-	-
Loss for the period	-	(2,714)	(2,714)
Total comprehensive loss for the period	-	(2,714)	(2,714)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of costs	4,741	-	4,741
Balance as at 30 June 2020	4,741	-	2,027

The above statement should be read in conjunction with the accompanying notes.

⁽¹⁾ First reporting period and accordingly there are no comparatives.

Barton Gold Holdings Limited
Consolidated Statement of Cash Flows
For the financial period 14 May 2019 to 30 June 2020

	Notes	2020 \$'000
Cash flows from operating activities		
Payments to suppliers and employees		(1,172)
Payments for exploration expenditure		(725)
Interest expense		(26)
Net cash outflow from operating activities	9	<u>(1,923)</u>
Cash flows from investing activities		
Payments for the acquisition of the assets associated with the Challenger, Tarcoola and Tunkillia projects	8	(1,130)
Proceeds from disposal of property, plant and equipment		85
Net cash outflow from investing activities		<u>(1,045)</u>
Cash flows from financing activities		
Proceeds from issues of shares, net of costs	17	4,741
Proceeds from borrowings		680
Repayment of borrowings		(680)
Net cash inflow from financing activities		<u>4,741</u>
Net increase (decrease) in cash and cash equivalents		1,773
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		<u>1,773</u>

The above statement should be read in conjunction with the accompanying notes.

⁽¹⁾ First reporting period and accordingly there are no comparatives.

1 Corporate information

The consolidated financial report of Barton Gold Holdings Limited for the financial period 14 May 2019 to 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 26 February 2021. The Board of Directors has the power to amend the consolidated financial statements after issue.

Barton Gold Holdings Limited (the 'Company' or 'Barton') is a for-profit company limited by shares. The Company and its subsidiaries were incorporated and domiciled in Australia. The registered office and principal place of business of the Company is Suite 5 / 62 Ord Street, West Perth, WA 6005.

The amounts contained in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) pursuant to the option available to the Company under ASIC Instrument 2016/191. The Company is an entity to which this Instrument applies.

2 Reporting entity

The Consolidated Financial Statements comprise of the Company and its subsidiaries, (together referred to as the 'Consolidated Entity' or the 'Group').

3 Basis of preparation

The Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Consolidated Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are required to be measured at fair value.

a) Basis of consolidation

Subsidiaries are all 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 could 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 deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

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

b) Goods and services tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

c) Going concern

The Directors have prepared the financial report on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the period 14 May 2019 to 30 June 2020, the Group had net current assets of \$0.694 million and incurred a loss of \$2.714 million and net operating cash outflows of \$1.923 million. A twelve month cash flow forecast shows that the Group will need to raise further funds to meet its minimum operating and exploration commitments.

These conditions indicate a material uncertainty that may cast a 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 statements have been prepared on the basis that the Group is a going concern for the following reasons:

1. Subsequent to period end, in late December 2020, the Group completed a convertible note placement raising of \$2.435 million and in addition raised \$1.282 million through the completion of equity subscription agreements; and
2. The Company plans to undertake an Initial Public Offering (IPO) of its securities over March and April 2021. This process is well advanced with the Company having appointed IPO managers and commenced its due diligence process.

Should the Group not be able to achieve any of the above, 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 and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

4 Segment information

Identification of reportable segments

The Group is organised into one operating segment, being exploration in Australia. This is based on the internal reports that are being reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources. As a result, the operating segment information is as disclosed in the statements and notes to the financial statements throughout the report.

The Company operates in one reportable segment, being exploration in Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

5 Income and expenses

	2020
	\$'000
Other income	
Profit on sale of assets	36
Other income	6
	42
Administrative expenses	
Compliance	2
Depreciation	32
Insurance	144
Consultants	51
Administration costs	31
Occupancy costs	96
	356
Finance expense	
Interest accretion on rehabilitation provision	181
Interest expense	25
Net financing income	206

6 Income tax expense

The prima facie income tax expense on pre-tax accounting losses from continuing operations reconciles to the income tax expense in the financial statements as follows:

	2020 \$'000
Loss from continuing operations before income tax	(2,714)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	(746)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	
Other non-allowable items	(26)
Temporary differences not brought to account	(772)
Tax expense	<u>-</u>

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian Tax Law. There has been no change in this tax rate since the previous reporting period.

The Group has DTAs arising in Australia of \$0.315 million that are available for offset against future taxable profits of the companies in which the losses arose.

A deferred tax asset ('DTA') on the timing differences has not been recognised as they do not meet the recognition criteria as outlined in below. A DTA has not been recognised in respect of tax losses either as realisation of the benefit is not regarded as probable.

The taxation benefits will only be obtained if:

- a) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- b) the Consolidated Entity continues to comply with the conditions for deductibility imposed by law; and
- c) no changes in tax legislation adversely affect the consolidated entity in realising the benefits from the deductions for the loss.

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 or losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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.

Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax-consolidated group with effect from 14 May 2019 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Barton Gold Limited. There were no carry forward revenue tax losses transferred into the tax-consolidated group at formation.

The head entity, in conjunction with other members of the tax-consolidated group, have entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity and are recognised by the Company as intercompany receivables (or payables). Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

6 Income tax expense (continued)

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

7 Loss per share

	2020 \$'000
Loss used in calculating basic and diluted loss per share from continuing operations	(2,714)

	2020 Number
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	182,379,980

Basic earnings/loss per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings/loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares by the weighted average number of shares assumed to have been issued for no consideration in relation to potential ordinary shares.

8 Asset acquisition

In early June 2019, the Group entered into an agreement to acquire 100% of the mining and exploration licences associated with the Challenger, Tarcoola and Tunkillia projects, located in the South Australian central Gawler Craton area, as well as additional mining camp facilities, mill processing facilities, associated environmental bonds, environmental liabilities and outstanding royalty obligations from the Joint and Several Receivers and Managers of WPG Group. The total cash consideration paid by the Group was \$0.350 million.

Further to this, in early October 2019, the Group entered into a further two agreements to acquire the associated property, plant and equipment associated with the Challenger, Tarcoola and Tunkillia projects from the Joint and Several Receivers and Managers of WPG Group. The total cash consideration paid by the Group was \$0.780 million.

The Group has determined that the transaction does not constitute a business combination in accordance with AASB 3. The acquisition of the net assets meets the definition of and has been accounted for as an asset acquisition.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned carrying amounts based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for the deferred tax under AASB 112 is applied. No goodwill arises on the acquisition. Refer to Note 27 for details of the critical accounting estimates and assumptions.

The Group has elected to early adopt the following amendment in relation to the asset acquisition:

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business (AASB 3)

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendment will likely result in more acquisitions being accounted for as asset acquisitions.

Details of the fair values of assets acquired as at purchase date are as follows:

	2020 \$'000
Purchase Consideration:	
Cash	1,130
Fair Value of Assets and Liabilities Acquired:	
Environmental bonds	4,445
Property, plant and equipment – held for sale	188
Property, plant and equipment	642
Acquired exploration	9,262
Trade and other payables	(336)
Provisions	(13,071)
Net identifiable assets acquired	1,130

9 Cash and cash equivalents

	2020
	\$'000
Cash at bank and in hand	1,773
	1,773

Cash and short-term deposits comprise of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Reconciliation of loss for the period to net cash flows from operations:

	2020
	\$'000
Loss for the period	(2,714)
Adjustments for:	
Depreciation	32
Profit on sale of assets	(36)
Non-cash rehabilitation adjustment	417
Interest accretion	181
Changes in operating assets and liabilities	
Decrease in trade and other receivables	(82)
(Decrease)/increase in trade and other payables	279
Net cash flows from operating activities	(1,923)

10 Trade and other receivables

	2020
	\$'000
Trade and other receivables	189
	189

Receivables are initially recognised at fair value and subsequently at the amounts considered receivable (financial assets at amortised cost). Balances within receivables do not contain impaired assets, are not past due and are expected to be received when due. Due to the short-term nature of these receivables, their carrying value is assumed approximate fair value.

11 Assets held for sale

	2020
	\$'000
Plant and equipment held for sale	67
	67

Plant and equipment held for sale refers to physical items acquired as part of the asset acquisition of the Challenger, Tarcoola and Tunkillia that the Group considers to be surplus to its requirements. An agreement has been made with Pickles Auction Group to sell these items.

Disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

12 Other non-current receivables

	2020
	\$'000
Bonds on deposit	4,445
	4,445

Bonds on deposit represent cash deposits in support of environmental performance bonds lodged with the South Australian, Department of Energy and Mining. Environmental performance bonds are lodged over the Challenger Gold Operations and exploration activities of \$2.670 million, Tarcoola Gold Operations of \$1.760 million and Tunkillia exploration activities of \$0.015 million. Refer to Note 8 for details of the asset acquisition.

13 Exploration and evaluation expenditure

	2020 \$'000
Opening balance	-
Acquisition of Challenger, Tarcoola and Tunkillia projects ¹	9,262
Closing balance	9,262

¹ The acquired exploration represents the fair value of the consideration for the acquisition of the tenements associated with the Challenger, Tarcoola, and Tunkillia asset purchase. Refer to Note 8 for details on the asset acquisition.

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource.

Exploration and evaluation expenditure is expensed to the profit or loss as incurred except in the following circumstances in which case the expenditure may be capitalised:

- The existence of a commercially viable mineral deposit has been established and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure; and
- The exploration and evaluation activity is within an area of interest which was acquired as an asset acquisition or in a business combination and measured at fair value on acquisition.

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. An impairment exists when the carrying value of expenditure exceeds its estimated recoverable amount. The area of interest is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

Upon approval for the commercial development of an area of interest, exploration and evaluation assets are tested for impairment and transferred to 'Mine properties in development'. No amortisation is charged during the exploration and evaluation phase.

Refer to Note 27 for details of the critical accounting estimates and assumptions.

14 Property, plant and equipment

	2020 \$'000
Buildings at cost	80
Plant and equipment at cost	562
Accumulated depreciation	(32)
Plant and equipment carrying value	530
Net carrying value	610

The reconciliation of property, plant and equipment is shown below:

	Buildings	Plant & Equipment	Total
Opening balance	-	-	-
Acquisition of assets associated with Challenger, Tarcoola and Tunkillia projects ¹	80	562	642
Depreciation expense	-	(32)	(32)
Closing balance	80	530	610

¹ Refer to Note 8 for details of the asset acquisition.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

All such assets, except freehold land, are depreciated over their estimated useful lives on a straight line, reducing balance or production output basis, as considered appropriate, commencing from the time the asset is held ready for use.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "Profit on Sale of Assets" in profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Consolidated Entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

14 Property, plant and equipment (continued)

The estimated useful lives for the period are as follows:

Plant and equipment	5-10 years
Motor vehicles	5-7 years

Refer to Note 27 for details of the critical accounting estimates and assumptions.

15 Trade and other payables

	2020
	\$'000
Trade and other payables	649
	649

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured, non-interest bearing and are usually paid within 30 days of recognition.

Included within this amount is acquired obligation to pay the South Australian Government the outstanding royalties associated with the Challenger and Tarcoola mining operations. As at 30 June 2020, the amount outstanding was \$236k. Of this amount \$36k was paid on 1 November 2020 and the remaining balance of \$200k is due on 31 March 2021. Refer to Note 8 for details of the asset acquisition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

16 Provisions

	2020
	\$'000
Current Rehabilitation provision	686
Non-Current Rehabilitation provision	12,984
	13,669

Refer to the below table for a reconciliation of the rehabilitation provision:

	2020
	\$'000
Opening balance	-
Acquired environmental liabilities associated with the acquisition of the Challenger, Tarcoola and Tunkillia projects ¹	13,071
Unwinding of the discount	181
Changes in rehabilitation estimates	417
Closing balance	13,669

¹ Refer to Note 8 for details of the asset acquisition.

Rehabilitation provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Long-term environmental obligations are based on the Consolidated Entity's environmental management plans, in compliance with current environmental and regulatory requirements. Full provision is made based on the net present value of the estimated cost of rehabilitating and restoring the environmental disturbance that has occurred up to the reporting date. To the extent that future economic benefits are expected to arise, these costs are capitalised and amortised over the remaining lives of the mines.

Annual increases in the provision relating to the change in the net present value of the provision are recognised as finance costs (and disclosed within Borrowing and finance costs in the profit or loss). The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

If the change in liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written down to nil and the excess is recognised immediately in the income statement. If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying amount is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write-down recognised in profit or loss in the period in which it occurs.

Refer to Note 27 for details of the critical accounting estimates and assumptions.

17 Contributed equity

Issued share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised, net of tax, directly in equity as a reduction of the share proceeds received.

	Date of issue	Issue Price per share	Number of shares	\$'000
Fully paid ordinary shares:				
Shares issued on Incorporation	14 May 2019	\$0.00	175,000,001	-
Share issue	4 Aug 2019	\$0.00	3,645,834	-
Share issue	28 Nov 2019	\$0.20	3,718,751	746
Share issue	13 Dec 2019	\$0.22	2,027,084	452
Share issue	10 Jan 2020	\$0.22	175,000	39
Share issue	19 Feb 2020	\$0.20	1,866,667	374
Share issue	27 Feb 2020	\$0.20	1,881,250	377
Share issue	29 May 2020	\$0.20	2,492,877	500
Share issue	23 Jun 2020	\$0.20	2,492,877	500
Share issue	26 Jun 2020	\$0.24	7,303,722	1,753
Closing balance at 30 June 2020			200,604,063	4,741

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Capital risk management

The Group's debt and capital includes ordinary share capital and debt. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior period. This strategy is to ensure that the Group is able to fund its future activities.

18 Financial risk management

The Group's activities expose it to a variety of financial risks: 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.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, and use of financial instruments and investment of excess liquidity where appropriate.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to related parties.

Interest rate risk

The Group's exposure to market risk for changes in interest rates arise from variable interest rate exposure on cash, fixed deposits and interest-bearing liabilities.

The Group's policy is to manage its exposure to interest rate risk by holding cash in short-term, fixed rate and variable rate deposits with reputable high credit quality financial institutions. With interest bearing liabilities, consideration is also given to the potential renewal of existing positions, alternative financing and the mix of fixed and variable interest rates.

18 Financial risk management (continued)

The following table summarises the financial assets and liabilities of the Group, together with the effective interest rates as at the balance date.

2020	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	Average interest rates	
		< 1 year	1 – 5 years	> 5 years		Floating	Fixed
	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Cash and cash equivalents	1,773	-	-	-	-	0.5%	-
Trade and other receivables	-	-	-	-	189	-	-
Trade and other payables	-	-	-	-	649	-	-

As at 30 June 2020, a movement of 1% in interest rates, with all other variables being held constant, results in an immaterial movement in post-tax loss and equity.

The movements in loss after income tax are due to higher/lower interest costs from fixed and variable rate debt and cash balances during the relevant period. Reasonably possible movements in interest rates were determined based on observations of historical movements in the past two years.

The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

Credit risk

Credit risk arises from the financial assets of the Group, and its exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the instruments. The Group's exposure to credit risk is minimal and results only from its exposure in cash and cash equivalents and trade receivables.

Liquidity risk

The Group's objective is to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost-effective manner.

The Group's treasury function continually reviews the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

2020	< 1 year \$'000	1 – 5 years \$'000	Total \$'000
Cash and cash equivalents	1,773	-	1,773
Trade and other receivables	189	-	189
Trade and other payables	(649)	-	(649)
Net inflow	1,313	-	1,313

19 Subsidiaries

The Consolidated Financial Statements include the financial statements of Barton Gold Holdings Limited and the subsidiaries listed in the following table:

Name of entity	Note	Country of incorporation	Class of shares	Equity %
PARQ Capital Royalty Management (AUS) 2 Pty Ltd	1	Australia	Ordinary	100
PARQ Capital Asset Management (AUS) 2 Pty Ltd	1	Australia	Ordinary	100
Barton Gold Holdings Australia Pty Ltd	1	Australia	Ordinary	100
Barton Gold Limited	2	Australia	Ordinary	100
Roma Resources SA Pty Ltd	2	Australia	Ordinary	100
Tunkillia 2 Pty Ltd	2	Australia	Ordinary	100
Tarcoola 2 Pty Ltd	2	Australia	Ordinary	100
Challenger 2 Pty Ltd	2	Australia	Ordinary	100
Jumbuck Equipment Pty Ltd	1	Australia	Ordinary	100

1. Incorporation date 31 July 2019

2. Incorporation date 14 May 2019

Subsequent to period end, on 7 December 2020, Barton Gold Holdings Limited sold its shares in PARQ Capital Royalty Management (AUS) 2 Pty Ltd and PARQ Capital Asset Management (AUS) 2 Pty Ltd, for an immaterial consideration.

20 Parent entity information

	2020
	\$'000
Current assets	1,866
Non-current assets	-
Current liabilities	496
Non-current liabilities	-
Issued capital	4,741
Accumulated losses	(3,371)
Total equity	<u>1,370</u>
Loss for the period	(3,371)
Total comprehensive loss for the period	(3,371)

The Parent Company has no material contingent liabilities and no guarantees in place.

21 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2020
	\$
Auditing of financial reports	32,635
	<u>32,635</u>

The auditor of the parent entity for the period 14 May 2019 to 30 June 2020 is BDO.

22 Commitments

Exploration and evaluation expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet the minimum expenditure requirements specified by various State and Territory Governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in this financial report.

The minimum level of exploration commitment expected in the year ending 30 June 2021 for the Group is approximately \$0.677 million. These obligations are expected to be fulfilled in the normal course of operations.

23 Contingent assets and liabilities

The Group had no contingent assets or liabilities at 30 June 2020.

24 Key management personnel disclosures

Details of key management personnel

The names and positions of the KMP of the Company and the Group during the period 14 May 2019 to 30 June 2020 were:

Alexander Scanlon	Managing Director
Neil Rose	Non-Executive Director
Allister Blyth	Chief Financial Officer/Company Secretary (resigned 7 January 2021)

In the period to 30 June 2020, Mr Rose signed a Non-Executive Director contract, which included compensation of \$60,000 pa inclusive of superannuation. By mutual agreement, no director fees were paid or accrued to the period 30 June 2020 and payment commenced on 1 July 2020.

In the period to 30 June 2020 no contract has been signed with Mr Scanlon, and no compensation has been paid or provided for.

25 Related party transactions

Parent entity

The Parent Entity within the Group is Barton Gold Holdings Limited.

Loans to subsidiaries

Loans between entities in the wholly owned Group are non-interest bearing, unsecured and are payable upon reasonable notice having regard to the financial situation of the entity.

25 Related party transactions (continued)

Other transactions with related parties

During the period 14 May 2019 to 30 June 2020, Mr Scanlon provided the Group with an unsecured loan of \$366,784.57, at an interest rate of 4% per annum, which was repaid on 29 June 2020.

For the period 14 May 2019 to 30 June 2020, the Group received accounting services from Straightline Group, a company of which Mr Rose and Mr Blyth are directors of. The total value of these services was \$21,474.

The above transactions were entered into at arm's length terms.

26 Events occurring after the reporting period

On 20 July 2020, the Company raised \$0.500 million through the exercising of a tranche payment from a subscription agreement by a sophisticated investor with the issue of 2,492,877 fully paid ordinary shares at \$0.20 per share.

On 10 August 2020, the Company issued 123,750 at an issue price of \$0.24 shares to a third party for services associated with geophysics.

On 10 September 2020, the Company raised a further \$0.502 million through an equity raise with a sophisticated investor with the issue of 2,496,368 fully paid ordinary shares at \$0.20 per share.

On 1 December 2020, the Company raised \$0.252 million through the exercising of a tranche payment from a subscription agreement by a sophisticated investor with the issue of 918,750 fully paid ordinary shares at \$0.27 per share.

On 18 December 2020, the Company raised \$2.4 million through the issue of 24,350 convertible note at a subscription price of \$100, to private and institutional investors. The convertible notes will automatically convert into fully paid ordinary shares on an initial public offering (IPO) of the Company's shares on the ASX, TSX and LSE or if an IPO does not occur, the holder shall have a right to convert the convertible note following the completion of an alternative offer.

Interest is payable on the convertible notes at a rate of:

- a) 0% per annum from the issue date to 31 March 2021;
- b) 5% per annum from 1 April 2021 to 31 July 2021; and
- c) 10% per annum from 1 August 2021 to maturity date.

Maturity date is 18 December 2021.

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.

27 Critical accounting estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions 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 Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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:

Asset acquisition

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

27 Critical accounting estimates and assumptions (continued)

Exploration and evaluation

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related area of interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if rights to tenure of the area of interest are current and activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Rehabilitation

The Group assesses rehabilitation liabilities annually. The provision recognised is based on an assessment of the estimated cost of closure and reclamation of the areas using internal information concerning environmental issues in the exploration area, together with input from various environmental consultants, discounted to present value. Significant estimation is required in determining the provision for site rehabilitation as there are many factors that may affect the timing and ultimate cost to rehabilitate sites where mining and/or exploration activities have previously taken place. These factors include future development/exploration activity, changes in the cost of goods and services required for restoration activity and changes to the legal and regulatory framework. These factors may result in future actual expenditure differing from the amounts currently provided.

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 consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, 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 consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

28 Changes in accounting policy

In the period ended 30 June 2020, the directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

29 New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the period ended 30 June 2020 with relevant standards and interpretations outlined below.

- a) AASB 2018-7 Amendments to Australian Accounts Standards – Definition of Material (effective 1 July 2020)

These amendments clarify the definition of “material” and its application across AASB Standards and other pronouncements. The principal amendments are to AASB 101 Presentation of Financial Statements.

The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the change will be minimal.

- b) AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (effective 1 July 2022)

The subject of the principal amendments to the Standards are set out below:

AASB 1 First-time Adoption of Australian Accounting Standards

The amendment allows a subsidiary that becomes a first-time adopter after its parent to elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent’s consolidated financial, based on the parents’ date of transition, if no adjustment were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

29 New accounting standards and interpretations (continued)

AASB 9 Financial Instruments

The amendment clarifies that an entity includes only fees paid or received between the borrower and the lender and fees paid or received by either the borrower or the lender on the other's behalf when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

AASB 116 Property, Plant and Equipment

The amendment requires an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset.

AASB 137 Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies the costs an entity includes when assessing whether a contract will be loss-making consists of the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Barton Gold Holdings Limited
Directors' Declaration
For the financial period 14 May 2019 to 30 June 2020

In the Directors' opinion:

- (a) the Consolidated Financial Statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Consolidated Entity's financial position for the period 14 May 2019 to 30 June 2020 and of its performance for the period ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

The Directors have been given the declarations as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.



Alexander Scanlon
Managing Director

Perth, Western Australia
26 February 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Barton Gold Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Barton Gold Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020 the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Barton Gold Holdings Limited, 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 period ended on that date; 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 *Corporations Act 2001* and 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 3 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the period 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or 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.

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

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line. Above the signature, the letters 'BDO' are handwritten in a smaller, less distinct script.

Phillip Murdoch

Director

Perth, 26 February 2021