HUGHES DRILLING LIMITED

ABN 12 124 279 750

ANNUAL REPORT

30 JUNE 2019

Contents

Corporate Directory

Directors	**Mr Adam Sierakowski**	Non-Executive Director
	Mr Stephen Hewitt-Dutton	Non-Executive Director
	Mr Robert Innocent	Non-Executive Director
Company Secretary	**Mr Stephen Hewitt-Dutton**	
Registered Office	C/- Trident Capital Level 24 44 St George's Terrace Perth WA 6000 Telephone: 61 8 6211 5099 Facsimile: 61 8 9218 8875 ABN: 12 124 279 750	
Share Registry	Computershare Investor Services Pty Ltd Level 11 172 ST George's Terrace Perth WA 6000 Telephone: 1300 131 749 Web site: www.computershare.com	
Auditors	BDO Level 10 12 Creek Street Brisbane QLD 4000	

Your directors present their report on the entity (referred to hereafter as the Group) consisting of Hughes Drilling Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

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

Mr Adam Sierakowski	Appointed 19 September 2019
Mr Stephen Hewitt-Dutton	Appointed 16 August 2017
Mr Robert Innocent	Appointed 5 December 2017
Mr Sean McCormick	Appointed 16 August 2017, resigned 19 September 2019

Principal Activities

Up until 22 September 2016 when the Board resolved to place the Company into voluntary administration, the principal continuing activities of the Group consisted of providing drilling services to the mining industry with a focus on niche services for production, delineation, mining and contracting companies that do not have specialised equipment and the qualified employees to perform themselves, and the supply of manufactured drill rigs and spare parts. The Group predominantly operates throughout New South Wales, Queensland and Western Australia. There are specific synergies within the Group which enable the resources, expertise and market positioning of each operating company to be available to the other companies in the Group.

Following effectuation of the Deed of Company Arrangement (DOCA) on 1 March 2018 control of the Company reverted to the officers of the Company and the Directors have been actively reviewing alternative investment opportunities for the Company.

Incomplete Records

On 22 September 2016 the Board resolved to place the Company into voluntary administration and appointed Jason Preston, Shaun Fraser and Jamie Harris, all partners of McGrathNicol, as Voluntary administrator ("Administrator") of the Company.

Following appointment of the Administrator, the powers of the Company's officers (including Directors) were suspended and the Administrator assumed control of the Company's business, property and affairs.

The financial report has been prepared by Directors who were not in office for the entirety of the periods presented in this report, nor, during the period prior to their appointment, were they involved with the Company and they did not have oversight or control over the group's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. In addition the Directors have not been able to source detailed financial records for subsidiary companies. Accordingly, the consolidated financial report has been prepared based on limited financial information only which was available to the Directors through the Administrator. The Directors who prepared this financial report were appointed on 16 August 2017, 5 December 2017 and 19 September 2019. Reasonable effort has been made by the Directors to ascertain the true position of the Company in relation to the comparative period. The Directors are of the opinion that the financial position at 30 June 2018 and 30 June 2019 are an accurate reflection of the Company's position, however the financial performance for the 30 June 2018 year may be impacted to the extent that there were any material inaccuracies in the 30 June 2017 financial position.

To prepare the financial report, the Directors have reconstructed the financial records of the Group up until the date of effectuation of the DOCA using data extracted from the accounting system. However, there may be information that the current directors have not been able to obtain, the impact of which may or may not be material on the accounts.

These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the administration process and/or the change in directorships and key management personnel.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state that this financial report gives a true and fair view of the results for the year then ended and the year ended 30 June 2019.

Dividend Paid or Recommended

No dividend from current year operations has been paid or is proposed to be paid in relation to the year ended 30 June 2019.

Review of Operations

On 27 June 2016 the Company requested that the Company's shares be suspended from trading on the ASX. Subsequent to year end the Company advised the ASX that it had breached certain banking covenants with its senior financier. Following extended discussions with the funding parties the Directors decided to place the Group into voluntary administration on 22 September 2016, appointing Jason Preston, Shaun Fraser and Jamie Harris, all partners of McGrathNicol, as Voluntary administrator of the Company.

Following the second meeting of creditors held on 8 December 2016 the Company and the Administrators entered into a Deed of Company Arrangement (DOCA). In addition, the Administrators entered into a second DOCA with Hughes Drilling 1 Pty Ltd and JSW Australia Pty Ltd to effect the sale of the east coast coal production drilling business to a consortium comprising fund manager Allegro and mining contractor NRW Holdings Limited. In addition the remaining subsidiary companies were all placed into liquidation.

On 7 June 2017 at a third meeting of creditors, a resolution was passed to amend the DOCA to facilitate the recapitalisation of Hughes Drilling Limited. On 20 June 2017 the Deed of Amendment and Accession to document the variations to the DOCA was executed by the Administrators and Trident Capital Pty Ltd.

A general Meeting of shareholders was held on 19 February 2018 where the shareholders approved all resolutions to facilitate the recapitalisation of the Company. Following the completion of a capital raising and payment of the amount required under the Revised DOCA, the Revised DOCA was wholly effectuated on 1 March 2018 and control of the Company was returned to the Directors.

Following effectuation of the DOCA the Directors have been actively reviewing alternative investment opportunities for the Company. On 27 June 2019 the Company's securities were removed from official quotation on the ASX.

Significant Changes in State of Affairs

Other than as described in the Review of Operations above, there were no significant changes in the state of affairs of the Group during the financial year.

Events After the Reporting Date

On 15th September 2020 the Company entered a heads of agreement to acquire Victory Gold and its advanced regional Western Australian gold exploration tenements and has subsequently been working on a notice of meeting to put to shareholders for the purposes of approving the acquisition, together with drafting a prospectus to facilitate a capital raising to fund exploration expenses.

Subsequent to reporting date on 30 June 2019 the Company raised capital of $479,929 by way of convertible loans.

No other matter of circumstance has arisen since reporting date that has significantly affected the company's operations, results or state of affairs, or ay do so in future years.

Future Developments

Following effectuation of the DOCA, the Company has sufficient capital to allow it effectively evaluate new assets and opportunities with a view to completing an acquisition, with a view to re-listing on ASX.

Information on Directors

The following persons were directors of the Group during the year ending 30 June 2019 and up to the date of this report:

Mr Adam Sierakowski -Dutton (appointed 19 Sept 2019)
Non-Executive Director

Mr Sierakowski is a lawyer and partner of the legal firm Price Sierakowski. He has over 20 years of experience in legal practice, much of which he has spent as a corporate lawyer consulting and advising on a range of transactions to a variety of large private and listed public entities.

Other current directorships:	Kinetiko Energy Limited (since 8 December 2010) Dragontail Systems Limited (since 14 September 2016) Rision Limited (24 August 2016, resigned 23 May 2017. Appointed 8 June 2018) Connected IO Limited (since 3 December 2018)
Former directorships in last three years:	Nil

Special responsibilities: Chairman

Interests in shares and options
750,000 ordinary shares in Hughes Drilling
6,750,000 options over ordinary shares in Hughes Drilling Limited

Mr Stephen Hewitt-Dutton (appointed 16 August 2017)
Non-Executive Director

Stephen is an Accountant and an Associate Director of Trident Capital Pty Ltd. He holds a Bachelor of Business from Curtin University and is an affiliate of the Institute of Chartered Accountants. He has over 25 years of experience in corporate finance, accounting and company secretarial matters.

Before joining Trident Capital, Stephen was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 17 years.

Other current directorships:	Empire Oil & Gas NL (Appointed 20 March 2018) Dragontail Systems Limited (Appointed 11 June 2018)
Former directorships in last three years:	Symbol Mining Limited (Appointed 27 April 2017, Resigned 18 December 2017)

Special responsibilities: Nil

Interests in shares and options
Nil ordinary shares in Hughes Drilling
Nil options over ordinary shares in Hughes Drilling Limited

Mr Robert Innocent (appointed 5 December 2017)
Non-Executive Director

Rob has a Bachelor of Commerce from the University of Western Australia and a Post Graduate Diploma in Applied Finance & Investment from FINSIA.

Rob is an internationally experienced "C" level Executive with strengths in strategy, business development and general management. He has strong operational and commercial acumen coupled with broad experience across a range of industry sectors including manufacturing, construction, resources, infrastructure, engineering & financial services. Rob is currently the Managing Director of one of the leading contractors in the commercial construction industry with business activities throughout Western Australia and leading a team of 80+ employees and subcontractors.

Other current directorships: Nil

Former directorships in last three years: Nil

Special responsibilities: Nil

Interests in shares and options
Nil ordinary shares in Hughes Drilling
Nil options over ordinary shares in Hughes Drilling Limited

Mr Sean McCormick (appointed 16 August 2017, resigned 19 September 2019)
Non-Executive Director

Sean has a Bachelor of Economics (Hons) from the University of Western Australia and a Bachelor of Laws from the University of Sydney. Sean has experience in mergers & acquisitions, capital raisings and reconstructions. Sean has worked in the restructuring division of a big four professional services firm and previously worked as an associate advisor for a national stockbroker.

Other current directorships: Empire Oil & Gas NL (Appointed 20 March 2018)
Rision Limited (Appointed 30 November 2018)

Former directorships in last three years: Symbol Mining Limited (Appointed 27 April 2017, Resigned 18 December 2017)

Special responsibilities: Chairman

Interests in shares and options
Nil ordinary shares in Hughes Drilling
Nil options over ordinary shares in Hughes Drilling Limited

'Other current directorships' stated above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships' stated above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Meetings of Directors

The number of directors' meetings held during the financial year and the number of meetings attended by each director is:

Director	Full Board Attended	Full Board Held
Seam McCormick	-	-
Stephen Hewitt-Dutton	-	-
Robert Innocent	-	-

The Board of Directors approved two (2) circular resolutions during the year ended 30 June 2019 which were signed by all Directors of the Company

The Company does not have a formally constituted audit committee as the board considers that the Company's size and type of operation do not warrant such a committee.

Indemnification of officers and auditors

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 29 of the Annual Report.

Remuneration Report (Audited)

Remuneration of Directors and Officers

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Hughes Drilling Limited's Directors and its senior management for the financial year ended 30 June 2019.

The Company was in administration from 22 September 2016. Upon effectuation of the DOCA the control of the Company reverted to the officers. The information disclosed sets out the remuneration information for the Company's non-executive directors following effectuation of the DOCA on 1 March 2018.

The Directors who are in office at the date of this report had no involvement in adopting, implementing or complying with the prior remuneration policies.

This report outlines the remuneration arrangements in place for Directors and other key management personnel of Hughes Drilling.

Directors	
Mr. Adam Sierakowski	Non-Executive Director (Appointed 19 September 2019)
Mr. Stephen Hewitt-Dutton	Non – Executive Director (Appointed 16 August 2017)
Mr. Robert Innocent	Non – Executive Director (Appointed 5 December 2017)
Mr. Sean McCormick	Non – Executive Director (Appointed 16 August 2017, resigned 19 September 2019)

The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

Remuneration Philosophy
The performance of the Company depends on the quality of its Directors and other Key Management Personnel and therefore the Company must attract, motivate and retain appropriately qualified industry personnel. The Company embodies the following principles in its remuneration framework:
· provide competitive rewards to attract and retain high calibre Directors and other Key Management Personnel;
· link executive rewards to shareholder value (by the granting of share options);
· link reward with the strategic goals and performance of the Company; and
· ensure total remuneration is competitive by market standards.

Remuneration Governance
Due to its size, the Company does not have a remuneration committee. The Board has not used remuneration consultants in determining the remuneration of Key Management Personnel. The compensation of Directors is reviewed by the Board annually. The compensation of other Key Management Personnel is also reviewed by the Board annually.

The Board assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality Directors and other Key Management Personnel. External advice on remuneration matters is sought whenever the Board deems it necessary but has not been sought during the reporting period.

The remuneration of the Directors and other Key Management Personnel is not dependent on the satisfaction of a performance condition other than set out in this report.

Non-Executive Director Remuneration
The Board seeks to set remuneration of Non-Executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Company's development.

The Directors have resolved that Non-Executive Directors' fees are $36,000 per annum for each Non-Executive Director and $48,000 per annum for the Non-Executive Chairman. However, during the year ended 30 June 2018 and 2019, no director received any remuneration.

In addition, Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

Executive Remuneration
There were no executive employees during the year.

Details of remuneration for the year ended 30 June 2019

2019	***Adam Sierakowski***	***Sean McCormick* $**	***Stephen Hewitt-Dutton* $**	***Robert Innocent* $**	***Total* $**
Short-term benefits		-		-	-
Cash salary and fees		-	-	-	-
Post-Employment Benefits					
Pension & Superannuation		-	-	-	-
Share-based payments		-	-	-	-
Long-term benefits					
Annual and long service leave		-	-	-	-
Total		**-**	**-**	**-**	**-**

2018	***Sean McCormick* $**	***Stephen Hewitt-Dutton* $**	***Robert Innocent* $**	***Total* $**
Short-term benefits	-		-	-
Cash salary and fees	-	-	-	-
Post-Employment Benefits				
Pension & Superannuation	-	-	-	-
Share-based payments	-	-	-	-
Long-term benefits				
Annual and long service leave	-	-	-	-
Total	**-**	**-**	**-**	**-**

Options
At the date of this report the Company has 6,750,000 ordinary shares under option.

Shareholding of key management personnel

	Balance 01/07/17	Shares acquired	Shares disposed	Balance 30/06/18	Balance 1/07/18	Balance at Appointment	Shares disposed	Balance 30/06/19
DIRECTORS								
Adam Sierakowski	-	-	-	-	-	750,000	-	750,000
Stephen Hewitt-Dutton	-	-	-	-	-	-	-	-
Robert Innocent								
Sean McCormick	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**750,000**	**-**	**750,000**

Option holding of key management personnel

	Balance 01/07/17	Options acquired	Options disposed	Balance 30/06/18	Balance 1/07/18	Balance at Appointment	Options disposed	Balance 30/06/19
DIRECTORS								
Adam Sierakowski	-	-	-	-	-	6,750,000	-	6,750,000
Stephen Hewitt-Dutton	-	-	-	-	-	-	-	-
Robert Innocent								
Sean McCormick	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**6,750,000**	**-**	**6,750,000**

No options were issued to key management personnel in the period 1 July 2018 to 30 June 2019.

This concludes the remuneration report which has been audited.

Non Audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Details of amounts paid to the Company's auditors, BDO, are set out below.

	Company 30 June 2019 $	Company 30 June 2018 $
Audit and review of financial report (BDO) *	**24,130**	-
Other services – tax and accounting (BDO)	**-**	-
	24,130	-

* During the period of voluntary administration, no audits were carried out and all audit costs are reflected in the financial report for the year ending 30 June 2019 when the audits were carried out.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditors (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed in Note 13 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

This Directors report is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors,

Adam Sierakowski
Non-Executive Director
Perth, 5 November 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	**Company 2019**	Company 2018
Continuing Operations			
Other income		-	-
Proceeds on sale of assets		-	38,500
General and administrative expenses		**(73,483)**	(113,433)
Legal fees		**(20,855)**	(69,214)
Administrator's costs		-	(138,234)
Operating profit		**(94,338)**	(282,381)
Interest income		-	97
Gain on effectuation of DOCA		-	19,370,206
Profit for the year before Income tax		-	19,087,922
Income tax (expense)	5	-	-
Profit/(loss) after income tax for the year		**(94,338)**	19,087,922
Profit/(loss) from discontinued operations (attributable to equity holders of the Company)		-	186,272
Profit/(Loss) for the year		**(94,338)**	19,274,194
Earnings per share for the profit attributable to ordinary equity holders of the company – cents/share			
- Basic profit per share from continuing operations	23	**(0.2)c**	1.1c
- Basic profit per share	23	**(0.2)c**	1.1c

The above statement of comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Company 2019	Company 2018
Current assets			
Cash and cash equivalents	6	**75,456**	188,290
TOTAL CURRENT ASSETS		**75,456**	188,290
Non-current assets			
Intangible assets	7	**-**	-
TOTAL NON-CURRENT ASSETS		**-**	-
TOTAL ASSETS		**75,456**	188,290
Current liabilities			
Trade and other payables	8	**47,073**	65,569
Borrowings		**-**	-
TOTAL CURRENT LIABILITIES		**47,073**	65,569
TOTAL LIABILITIES		**47,073**	65,569
NET ASSETS		**28,383**	122,721
EQUITY			
Contributed equity	9	**64,855,874**	64,855,874
Other reserves	10	**2,725,311**	2,725,311
Retained earnings		**(67,552,802)**	(67,458,464)
		28,383	122,721

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Contributed equity	Reserves	Retained earnings	Total
Balance 1 July 2017	64,165,874	2,725,311	(86,732,658)	(19,841,473)
Profit for the year	-	-	19,274,194	19,274,194
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**19,274,194**	**19,274,194**
Transactions with owners in their capacity as owners:				
Issue of shares	690,000	-	-	690,000
Balance at 30 June 2018	**64,855,874**	**2,725,311**	**(67,458,464)**	**122,721**
Balance 1 July 2018	64,855,874	2,725,311	(67,458,464)	122,721
Profit for the year	-	-	(94,338)	(94,338)
Total comprehensive income for the year	**-**	**-**	**(94,338)**	**(94,338)**
Transactions with owners in their capacity as owners:				
Issue of shares	-	-	-	-
Balance at 30 June 2019	**64,855,874**	**2,725,311**	**(67,552,802)**	**28,383**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Company 2019	Company 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		**(112,834)**	(223,248)
		(112,834)	(223,248)
Interest received		-	97
Net cash generated by operating activities	12	**(112,834)**	(223,151)
CASH FLOW FROM INVESTING ACTIVITIES			
Net (cash)/overdraft disposed on effectuation of DOCA		-	2,749,731
Proceeds on sale of property, plant and equipment		-	38,500
Net cash used in investing activities		-	(2,788,231)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	690,000
Intercompany loan repayments received		-	186,272
Payment to administrator under DOCA		-	(425,000)
Net cash generated by financing activities		-	451,272
Net (decrease)/increase in cash and cash equivalents		**(112,834)**	3,016,351
CASH AT THE BEGINNING OF THE YEAR		**188,290**	(2,828,081)
CASH AT THE END OF THE YEAR	6	**75,456**	188,290

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

1. INCOMPLETE RECORDS

On 22 September 2016 the Board resolved to place the Company into voluntary administration and appointed Jason Preston, Shaun Fraser and Jamie Harris, all partners of McGrathNicol, as Voluntary administrator ("Administrator") of the Company.

Following appointment of the Administrator, the powers of the Company's officers (including Directors) were suspended and the Administrator assumed control of the Company's business, property and affairs.

The financial report has been prepared by Directors who were not in office for the entirety of the periods presented in this report, nor, during the period prior to their appointment, were they involved with the Company and they did not have oversight or control over the group's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. In addition the Directors have not been able to source detailed financial records for subsidiary companies. Accordingly, the consolidated financial report has been prepared based on limited financial information only which was available to the Directors through the Administrator. The Directors who prepared this financial report were appointed on 16 August 2017, 5 December 2017 and 19 September 2019. Reasonable effort has been made by the Directors to ascertain the true position of the Company in relation to the comparative period. The Directors are of the opinion that the financial position at 30 June 2018 and 30 June 2019 are an accurate reflection of the Company's position, however the financial performance for the 30 June 2018 year may be impacted to the extent that there were any material inaccuracies in the 30 June 2017 financial position.

To prepare the financial report, the Directors have reconstructed the financial records of the Group up until the date of effectuation of the DOCA using data extracted from the accounting system. However, there may be information that the current directors have not been able to obtain, the impact of which may or may not be material on the accounts.

These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the administration process and/or the change in directorships and key management personnel.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state that this financial report gives a true and fair view of the results for the year then ended and the year ended 30 June 2018.

2. GENERAL INFORMATION

Hughes Drilling Limited (“the Company”, or the “Group”) is a public company and was listed on the Australian Securities Exchange up until its removal on 27 June 2019, incorporated and operating in Australia.

Hughes Drilling Limited’s registered office is Level 24, 44 St George's Terrace. Perth, WA 6000.

The financial statements are presented in English and Australian dollars.

The financial report was authorised for issue by the Directors of the Company on 5 November 2020.

3. BASIS OF PREPARATION

The basis of preparation of tis financial report should be read in conjunction with the limitations caused by the incomplete records referred to in Note 1.

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including Australian Interpretations, adopted by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001, as appropriate for-profit oriented entities.

a) Compliance with IFRS

The consolidated financial statements of the Hughes Drilling Group complies with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (‘IASB’).

b) Going Concern

For the year ended 30 June 2019 the Company made a loss of $94,338 and incurred operating cash outflows of $112,834. As at 30 June 2019 the Company has a net current asset position of $28,383, and a total asset position of $75,456.

The ability of the Company to continue as a going concern is dependent on securing additional funding through debt or equity issues as and when the need to raise working capital arises and successful completion of the proposed acquisition to acquire Victory Gold.

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

The financial statements have been prepared on the basis that the Company 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 for the following reasons:

- The Company has recently raised capital of $479,929 via the issues of convertible notes;
- On 15th September 2020 the Company entered a heads of agreement to acquire Victory Gold and its advanced regional Western Australian gold exploration tenements and has subsequently been working on a notice of meeting to put to shareholders for the purposes of approving the acquisition, together with drafting a prospectus to facilitate a capital raising to fund exploration expenses; and
- The fact that future expenditures are generally discretionary in nature and may be slowed or suspended as part of the management of the Company's working capital and other forecast commitments.

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

No adjustments have been made in relation to the recoverability of assets and classification of liabilities that might be necessary should the Company not continue as a going concern.

c) New and amended standard adopted by the Group

No new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2018 materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The only impact of these standards were to disclosures in the notes to the financial statements, see page 23 for the details of the new accounting standards adopted.

d) Historical cost convention

The financial report has been prepared on the historical cost basis and assets held for sale which are carried at fair value.

e) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment on the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies in this financial report should be read in conjunction with the limitations caused by the incomplete records referred to in Note 1.

a) 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.

b) Revenue recognition

The Group has adopted AASB 15 *Revenue from Contracts with Customers* which became effective for financial reporting periods commencing on or after 1 January 2018.

AASB 15 Revenue from contracts with customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has applied the new Standard effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

The adoption of AASB 15 does not have a significant impact on the Group as the Group does not currently have any revenue from customers.

c) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

e) Trade receivables

The Group has adopted AASB 9 *Financial Instruments* which became effective for financial reporting periods commencing on or after 1 January 2018.

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

As a result of adopting AASB *9 Financial Instruments*, the Company has amended its financial instruments accounting policies to align with AASB 9. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

There were no financial instruments which the Company designated at fair value through profit or loss under AASB 139 that were subject to reclassification. The Board assessed the Compamy's financial assets and determined the application of AASB 9 does not result in a change in the classification of the Company's financial instruments.

The adoption of AASB 9 does not have a significant impact on the financial report.

f) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entity business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets
- All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding
- After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company’s cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)
Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Equity instruments at fair value through other comprehensive income (Equity FVOCI)
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Impairment of financial assets
AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets
The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company has nil trade receivables as at 30 June 2019.

Classification and measurement of financial liabilities
As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company 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 (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-40 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

h) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax, from the proceeds.

i) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the parent, excluding any costs of servicing equity, other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional shares that would be outstanding assuming the conversion of all dilutive potential ordinary shares.

j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flows.

k) New and amended standards adopted by the Company

The group has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2018:

- AASB 15 *Revenue from Contracts with Customers*; and
- AASB 9 *Financial Instruments*.

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 4(b) and (k). None of these standards have altered any amounts in the current or prior periods and are not likely to impact future periods.

l) New accounting standards not yet mandatory or adopted early

Reference	Title	Summary	Application date	Expected Impact
AASB 16	*Leases*	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Financial years beginning on or after 1 January 2019	No expected impact

m) Critical accounting estimates and assumptions

The Company 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.

(i) Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the consolidated entity’s current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, the Company has recognised deferred tax assets relating to carried forward tax losses to the extent they are sufficient taxable future profits anticipated. Future taxable income is based on management’s forecasts, which include estimates based on the best available information at this time. Utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. If the entity fails to satisfy the test, carried forward deferred tax losses of $1,684,275 would have to be written off to income tax expense.

5. TAX

	Company 2019	Company 2018
Income tax expense		
Current tax expense	**-**	-
Deferred tax expense	**-**	-
Total income tax expense	**-**	-
Reconciliation		
Profit/(Loss) before income tax expense	**(94,338)**	19,274,194
Prima facie income tax expense/(benefit)	**(25,943)**	5,300,404
Adjustment owing to effectuation of DOCA	**-**	(5,326,807)
Losses not recognised as own asset	**25,943**	26,403
Income tax expense/(benefit)	**-**	-

b) Tax losses

Owing to being placed into administration and the subsequent recapitalisation, the Company will have failed the Continuity of Business and Continuity of Ownership tests in relation to the carrying forward of tax losses. Accordingly no deferred tax asset has been recognised.

6. CASH AND CASH EQUIVALENTS

	Company 2019	Company 2018
Cash at bank and on hand	**75,456**	188,290
Balances as per the statement of cash-flows	**75,456**	188,290

Risk exposure
The Group's exposure to interest rate risk is discussed in Note 16. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

Fair Value of Bank overdraft
The carrying amount of the bank overdraft approximates its fair value.

7. INTANGIBLE ASSETS AND GOODWILL

	Company 2019	Company 2018
Trademarks		
Cost	-	-
Accumulated depreciation	-	-
Total net book amount	-	-

Reconciliation

Reconciliation of the carrying amount of intangible assets for the current financial year is set out below

	Company 2019	Company 2018
Trademarks		
Opening carrying value	-	2,700
Disposal on effectuation of DOCA	-	(2,700)
Amortisation	-	-
Closing net book amount	-	-

8. TRADE AND OTHER PAYABLES

	Company 2019	Company 2018
Trade payables	-	-
Other payables	**47,073**	65,569
	47,073	65,569

Information about the Group's exposure to foreign exchange risk is provided in Note 16.

9. CONTRIBUTED EQUITY

	Number of shares	Value	Attributable Costs	Net
Balance 1 July 2017	208,670,249	65,487,424	(1,321,550)	64,165,874
Consolidation of capital 1 for 35	(202,708,557)	-	-	-
Shares issued	34,500,000	690,000	-	690,000
On issue at 30 June 2018	**40,461,692**	**66,177,424**	**(1,321,550)**	**64,855,874**
Balance 1 July 2018	40,461,692	66,177,424	(1,321,550)	64,855,874
On issue at 30 June 2019	**40,461,692**	**66,177,424**	**(1,321,550)**	**64,855,874**

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.

Options
During the year the Company issued 6,750,000 Options under the proponent offer as part of the Company's recapitalisation. The options were free attaching options to the proponent offer.

	2019	2018
Balance at beginning of financial year	-	-
Issue of Options	6,750,000	-
Balance at end of financial year	**6,750,000**	**-**

Capital risk management
The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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.

10. OTHER RESERVES

	Company 2019	Company 2018
Options reserve (see Note 16)	**2,725,311**	2,725,311
	2,725,311	2,725,311

11. RESERVES – OPTION RESERVE

	Number of options	Value	Attributable Costs	Net
Balance 30 June 2018	-	**2,725,311**	-	2,725,311
Balance 30 June 2019	-	**2,725,311**	-	2,725,311

The option reserve is used to recognise:

a) the grant date fair value of options issued to employees but not exercised;
b) the grant date fair value of shares issued to employees

12. NOTES TO THE STATEMENT OF CASH FLOWS

	Company 2019	Company 2018
Operating (loss)/profit after taxation	**(94,338)**	19,274,194
Non cash items		
Gain on effectuation of DOCA	-	(19,370,206)
Investing cash flows recognised in profit		
Proceeds from sale of land	-	(38,500)
Movement in assets / liabilities:		
(Increase)/decrease in trade and other receivables	-	(186,272)
Increase /(decrease)in trade and other payables	**(18,496)**	97,632
Increase/(decrease) in provisions	-	-
Net cash (used in)/provided by operating activities	**(112,834)**	(223,152)

13. AUDITORS REMUNERATION

	Company 2019	Consolidated 2018
Audit services		
Audit and review of financial report (BDO) *	**24,130**	-
Other services		
Tax and accounting (BDO)	-	-
	24,130	-

* During the period of voluntary administration, no audits were carried out and all audit costs are reflected in the financial report for the year ending 30 June 2019 when the audits were carried out.

14. RELATED PARTIES

a) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in the Directors Report and Note 15.

b) Transactions with related parties

During the year ended 30 June 2019 there were no transactions with related parties.

c) Outstanding balances arising from sales/purchases of goods and services

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties.

15. KEY MANAGEMENT PERSONNEL

a) Details of key management personnel

The following were key management personnel of the Group at any time during the reporting period, unless otherwise indicated individuals were employed for the entire period.

Directors

Surname	First Name	Position	Tenure (If not full year served)
McCormick	Sean	Non-Executive Director	Appointed 16 August 2017, Resigned 19 September 2019
Sierakowski	Adam	Non-Executive Director	Appointed 19 September 2019
Hewitt-Dutton	Stephen	Non-Executive Director	Appointed 16 August 2017
Innocent	Robert	Non-Executive Director	Appointed 5 December 2017

Key Executives
There were no executive employees during the year

b) Compensation of key management personnel

Full details of key management personnel compensation is disclosed in the remuneration report on page 6 to 8 of the Directors Report.

From 22 September 2016 until 1 March 2018 the Company was in administration. The Company's operations were suspended by the Administrator.

c) Option holdings of key management personnel

25.	Balance 01/07/17	Options acquired	Options disposed	Balance 30/06/18	Balance 1/07/18	Balance at Appointment	Options disposed	Balance 30/06/19
DIRECTORS								
Adam Sierakowski	-	-	-	-	-	6,750,000	-	6,750,000
Stephen Hewitt-Dutton	-	-	-	-	-	-	-	-
Robert Innocent								
Sean McCormick	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**6,750,000**	**-**	**6,750,000**

No options were issued to key management personnel in the period 1 July 2018 to 30 June 2019.

d) Shareholding of key management personnel

	Balance 01/07/17	Shares acquired	Shares disposed	Balance 30/06/18	Balance 1/07/18	Balance at Appointment	Shares disposed	Balance 30/06/19
DIRECTORS								
Adam Sierakowski	-	-	-	-	-	750,000	-	750,000
Stephen Hewitt-Dutton	-	-	-	-	-	-	-	-
Robert Innocent								
Sean McCormick	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**750,000**	**-**	**750,000**

16. FINANCIAL INSTRUMENTS

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as other debtors and creditors which arise directly from its operations. For the current financial year, it has been the Company's policy not to trade in financial instruments.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Company’s risk management objectives and policies. The Company's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the Company where such impacts may be material.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Company’s competitiveness and flexibility. Further details regarding these policies are set out below:

a) Market risk

Market risk arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk).

Interest rate risk
The Company is exposed to movements in market interest rates on short term deposits. The Directors monitor the Company’s cash position relative to the expected cash requirements. Where appropriate, surplus funds are placed on deposit earning higher interest. The Company does not have short or long term debt, and therefore this risk is minimal. The Company’s exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

	Note	Carrying amount		Fair value	
		Company 2019	Company 2018	**Company 2019**	Company 2018
Financial assets					
Cash	6	**75,456**	**188,290**	**75,456**	**188,290**
Receivables		-	-	-	-
		75,456	**188,290**	**75,456**	**188,290**
Financial liabilities					
Payables	8	**47,073**	**65,569**	**47,073**	**65,569**
Borrowings		-	-	-	-
		47,073	**65,569**	**47,073**	**65,569**

As at the end of the reporting period, the Company had no variable rate borrowings outstanding.

Sensitivity
At 30 June 2019, a change in interest rate would have no bearing on profits as no interest was earned during the year

b) Credit risk

Credit risk is managed on a group basis. Credit risk arises mainly from cash and cash equivalents, and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk. As at 30 June 2019, the group held cash at bank with financial institutions with an S&P rating of AA.

c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Company actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. The Group does not have any overdraft, loans or borrowings facilities from financial institutions as at reporting date.

Maturity analysis for financial liabilities
Financial liabilities of the Group include trade and other payables. As at 30 June 2019 trade payables are contractually due within 60 days.

d) Fair value measurements

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The same applies to the carrying value of cash and cash equivalents.

a) Foreign exchange risk

The Company transacts in Australian dollars and therefore does not participate in the use of derivative financial instruments. Minor exposure to foreign exchange transactions may occur if the Company transacts in other jurisdictions arising from variations in the Australian exchange rate. The impact of these foreign exchange rate differences are not material, therefore the Company considers there is no material foreign exchange risk present.

17. COMMITMENT AND CONTINGENCIES

a) Lease commitments

The Company had no lease commitments at 30 June 2018 and 2019.

b) Capital commitments

The Company had no capital commitments at 30 June 2018 and 2019.

18. EARNINGS PER SHARE

		Company 2019	Company 2018
Basic earnings per share			
a)	Net profit/(loss) from continuing operations	**(94,338)**	186,272
b)	Net profit/(loss) from discontinued operations	-	19,087,922
		No's	No's
c)	Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**40,461,692**	17,047,993
Diluted earnings per share		**cents**	**cents**
a)	Earnings/(loss) per share from continuing operations	**(0.23)**	1.1
b)	Earnings/(loss) per share from discontinued operations	**-**	-
	Total earnings/(loss) per share	**(0.23)**	1.1

No shares have been excluded from the calculation of diluted earnings per share that could potentially dilute the earnings per share in the future because they are anti-dilutive.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

19. SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Up until the date of appointment of the Administrator, the information reported to the Board for the purpose of resource allocation and assessment of performance was more specifically focused on Drilling and Non drilling services. There were no activities in relation to this segment during the period. All activities were in relation to the finalisation of the recapitalisation of the Company. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results in this segment are equivalent to the financial statements of the Group as a whole.

20. EVENTS AFTER THE REPORTING DATE

On 15th September 2020 the Company entered a heads of agreement to acquire Victory Gold and its advanced regional Western Australian gold exploration tenements and has subsequently been working on a notice of meeting to put to shareholders for the purposes of approving the acquisition, together with drafting a prospectus to facilitate a capital raising to fund exploration expenses.

Subsequent to reporting date on 30 June 2019 the Company raised capital of $479,929 by way of convertible loans.

No other matter of circumstance has arisen since reporting date that has significantly affected the company's operations, results or state of affairs, or ay do so in future years.

21. DIVIDENDS

No dividend was paid or proposed to be paid for the year ended 30 June 2019.

Directors' Declaration

In the opinion of the Directors of the Company:

1. the financial statements and notes set out on pages nine (9) to twenty eight (28):

    (i) are in accordance with the Corporations Act 2001 and comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001 giving a true and fair view of the Company's financial position as at 30 June 2019, and of the financial performance for the year ended 30 June 2019.

2. Subject to the matters highlighted in Note 3(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.

3. The declaration required to be made with Section 259A of the Corporations Act 2001 for the financial year ended 30 June 2019 has been received.

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

Adam Sierakowski
Non-Executive Director
Perth, 5 November 2020

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DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF HUGHES DRILLING LIMITED

As lead auditor of Hughes Drilling Limited for the year ended 30 June 2019, 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.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 5 November 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Hughes Drilling Limited

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of Hughes Drilling Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of Hughes Drilling Limited, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

As disclosed in note 1 to the financial statements, on 22 September 2016 Hughes Drilling Limited was placed into voluntary administration. Following the appointment of the administrators, the powers of the directors and officers of the Company were suspended and the administrators assumed control of the Company's business, property and affairs.

Due to the circumstances, the directors were unable to obtain all the necessary books and records pertaining to the entity. New directors were appointed 16 August 2017 and 5 December 2017. On 1 March 2018, the company was released from administration following the settlement of a Deed of Company Arrangement. Accordingly, the financial reports for the half year ended 31 December 2017 and year ended 30 June 2018 had been prepared by the directors without the benefit of complete information being available for the entity.

As the remaining records were not adequate to permit the application of necessary audit procedures, we were unable to obtain all the information and explanations we required in order to form an opinion on the financial report for the year ended 30 June 2018. This resulted in us issuing a disclaimer of opinion on the financial report for the year then ended. For purposes of the current period audit engagement, we were able to obtain sufficient evidence to support opening balances.

Our opinion on the current period's financial report is therefore modified only because of the possible effect of the above matters on the comparability of the current period's figures and the corresponding figures.

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 Company 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 qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 3(b) 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 Company's ability to continue as a going concern and therefore the Company 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for qualified opinion* section and material uncertainty paragraph with respect to going concern, we have not identified any further key audit matters to be communicated in our report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2019, 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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 7 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Hughes Drilling Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

C R Jenkins
Director

Brisbane, 5 November 2020