

Kuniko Limited

(formerly Koppa Resources Europe Pty Ltd)

ABN 99 619 314 055

Annual Report - 30 June 2019

Kuniko Limited
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the company for the financial year to 30 June 2019.

Directors

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

Gavin Rezos – Director (appointed 1 October 2020)
Francis Wedin – Director (appointed 1 October 2020)*
Robert Ierace – Director (appointed 28 October 2020)
Rebecca Morgan – Director (resigned 1 October 2020)

*Previously appointed on 24 May 2017 and resigned on 30 May 2018.

Principal activities

During the financial year the principal continuing activities of the company consisted of mineral exploration activities.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the company after providing for income tax amounted to \$112,964 (2018: \$2,024).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

No other matters or circumstances have arisen since 30 June 2019 that have significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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

Information on directors

Name: Gavin Rezos
 Title: Director
 Qualifications: B.Juris, LLB, BA, MAICD
 Experience and expertise: Mr Rezos has extensive Australian and international investment banking experience and is a former investment banking Director of HSBC Group with regional roles during his career in London, Sydney and Dubai. Gavin has held Chairman, Board and CEO positions of companies in the materials, technology and resources sector in Australia, the United Kingdom, the United States and Singapore and was formerly a non-executive director of Iluka Resources and of Rowing Australia, the peak Olympics sports body for rowing in Australia. He is a principal of Viaticus Capital.

Special responsibilities: Chairman

Name: Francis Wedin
 Title: Director
 Qualifications: PHD & BSC (Hons) Geology and mineral exploration
 Experience and expertise: Dr Wedin is a battery raw materials industry executive, with a diverse career spanning four continents and multiple commodities. Wedin founded the Vulcan Zero Carbon Lithium™ Project in Germany. Dr Wedin was previously Executive Director of successful ASX-listed Exore Resources Ltd (ASX:ERX). During this time, he discovered and defined two new JORC lithium resources, on two continents, in under a year. This included Lynas Find, which was bought by Pilbara Minerals to become part of its large Pilgangoora Lithium Project, now in production (ASX:PLS). Francis has a PhD and BSc (Hons) in geology and mineral exploration, and an MBA in renewable energy. He is a Fellow of the Geological Society, London, and a member of the Australasian Institute of Mining and Metallurgy. He is bilingual in English and Turkish, with proficiencies in other languages.

Special responsibilities: None

Name: Robert Ierace
 Title: Director
 Qualifications: BCom
 Experience and expertise: Robert is a Chartered Accountant and Chartered Secretary with over 20 years' experience, predominately with ASX and AIM-listed resource and oil and gas exploration and production companies. He has extensive experience in financial and commercial management including experience in corporate governance, debt and capital raising, tax planning, risk management, treasury management, insurance, corporate acquisitions and divestment and farm in/farm out transactions. Robert holds a Bachelor of Commerce degree from Curtin University, a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia and a Graduate Certificate of Applied Finance and Investment from the Securities Institute of Australia.

Robert has previously served in senior finance roles with a number of ASX-listed companies including Gulf Manganese Corporation Limited, Key Petroleum Limited, Amadeus Energy Limited, Kimberley Diamond Company NL and Rio Tinto Iron Ore.

Special responsibilities: None

Name: Rebecca Morgan (resigned 1 October 2019)
 Title: Director
 Qualifications: Ms Morgan holds an honors degree in Applied Geology from Curtin University as well as a postgraduate diploma in Mine Engineering and a Masters of Engineering Science in Mine Engineering both from Curtin University.

Experience and expertise: Rebecca Morgan is a professional geologist and mining engineer with over 16 years of international mining experience working on projects at all stages of development from grassroots to operations across a wide range of commodities spanning five continents. Rebecca has extensive knowledge and experience in resource evaluation, and project assessment. She previously worked as a Senior Resource Consultant for Optiro Pty Ltd for 5 years and most recently was the Geology & Business Development Manager

for Minbos Resources in Angola. Ms Morgan is currently the Exploration Manager for Minbos Resources and is a member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy.

Special responsibilities: None

Company secretary

Joel Ives was appointed as Company Secretary on 8 March 2021.

Robert Ierace was appointed as Company Secretary on 14 September 2020 and resigned on 8 March 2021.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full board		Audit Committee	
	Attended	Held	Attended	Held
Gavin Rezos	-	-	-	-
Francis Wedin	1	1	-	-
Rebecca Morgan	1	1	-	-
Robert Ierace	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Kuniko Limited
Directors' report
30 June 2019

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Gavin Rezos', is positioned above a horizontal line.

Gavin Rezos
Director

16 March 2021
Perth

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Kuniko Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 16 March 2021

Kuniko Limited**Contents****30 June 2019**

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General information

The financial statements cover Kuniko Limited as an individual entity. The financial statements are presented in Australian dollars, which is Kuniko Limited's functional and presentation currency.

Kuniko Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 11, Brookfield Place
125 St Georges Terrace
Perth WA 6005

Principal place of business

Level 11, Brookfield Place
125 St Georges Terrace
Perth WA 6005

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

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

Kuniko Limited
Statement of profit or loss and other comprehensive income
For the financial year ended 30 June 2019

	Note	2019 \$	24 May 2017 to 30 June 2018 \$
Revenue			
Other income	3	1	574
Expenses			
Administrative expenses		-	(2,000)
Compliance and regulatory expenses		(671)	(469)
Employee benefit expense		(165)	-
Impairment expense	4	(109,044)	-
Other expenses		(43)	(105)
Foreign exchange gain/(loss)		(3,042)	(24)
		<hr/>	<hr/>
Loss before income tax expense		(112,964)	(2,024)
Income tax expense		<hr/> -	<hr/> -
Loss after income tax expense for the year attributable to the owners of Kuniko Limited		(112,964)	(2,024)
Other comprehensive loss for the year, net of tax		<hr/> -	<hr/> -
Total comprehensive loss for the year attributable to the owners of Kuniko Limited		<hr/> <u>(112,964)</u>	<hr/> <u>(2,024)</u>

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

Kuniko Limited
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	1,703	3,529
Trade and other receivables	6	1,749	1,009
Total current assets		<u>3,452</u>	<u>4,538</u>
Non-current assets			
Exploration and evaluation expenditure	7	325,818	100,734
Total non-current assets		<u>325,818</u>	<u>100,734</u>
Total assets		<u>329,270</u>	<u>105,272</u>
Liabilities			
Current liabilities			
Trade and other payables	8	-	10,970
Total current liabilities		<u>-</u>	<u>10,970</u>
Non-current liabilities			
Borrowing	9	444,158	96,226
Total non-current liabilities		<u>444,158</u>	<u>96,226</u>
Total liabilities		<u>444,158</u>	<u>107,196</u>
Net liabilities		<u>(114,888)</u>	<u>(1,924)</u>
Equity			
Issued capital	10	100	100
Accumulated losses	11	(114,988)	(2,024)
Total deficiency in equity		<u>(114,888)</u>	<u>(1,924)</u>

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

Kuniko Limited
Statement of changes in equity
For the financial year ended 30 June 2019

	Issued capital \$	Accumulated losses \$	Total equity \$
Opening balance 24 May 2017 (date of incorporation)	-	-	-
Loss after income tax expense for the period		(2,024)	(2,024)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income/(loss) for the year after tax	-	(2,024)	(2,024)
Transactions with owners in their capacity as owners:			
Issue of share capital	100	-	100
Balance at 30 June 2018	<u>100</u>	<u>(2,024)</u>	<u>(1,924)</u>

	Issued capital \$	Accumulated losses \$	Total equity \$
Opening balance 1 July 2018	100	(2,024)	(1,924)
Loss after income tax expense for the year	-	(112,964)	(112,964)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income/(loss) for the year after tax	-	(112,964)	(112,964)
Balance at 30 June 2019	<u>100</u>	<u>(114,988)</u>	<u>(114,888)</u>

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

Kuniko Limited
Statement of cash flows
For the financial year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(15,631)	7,937
Interest received		<u>1</u>	<u>-</u>
Net cash from/(used in) operating activities	17	<u>(15,630)</u>	<u>7,937</u>
Cash flows from investing activities			
Payments for exploration and evaluation costs	7	<u>(334,128)</u>	<u>(100,734)</u>
Net cash used in investing activities		<u>(334,128)</u>	<u>(100,734)</u>
Cash flows from financing activities			
Advance from parent entity		347,932	96,226
Proceeds from issued shares		<u>-</u>	<u>100</u>
Net cash from financing activities		<u>347,932</u>	<u>96,326</u>
Net (decrease)/ increase in cash and cash equivalents		(1,826)	3,529
Cash and cash equivalents at the beginning of the financial year		<u>3,529</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>1,703</u></u>	<u><u>3,529</u></u>

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Basis of preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Kuniko Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Kuniko Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Going Concern

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

As disclosed in the financial statements, the company incurred a loss of \$112,964 and had net cash outflows from operating and investing activities of \$15,630 and \$334,128 respectively for the year ended 30 June 2019. As at that date, the company has net liabilities of \$114,888. As disclosed in Note 9, the amount due to Vulcan Energy Resources Limited is \$444,158.

The directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate for it to adopt the going concern basis in the preparation of the financial report, due to the continuing financial support from its parent entity, Vulcan Energy Resources Limited, to provide financial support to enable the company to discharge its liabilities in the normal course of business and not to recall the amount due to the parent entity for at least 12 months from the date that this financial report is signed.

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Note 1. Significant accounting policies (continued)

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest

Interest revenue is recognised as interest accrues.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Kuniko Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Note 1. Significant accounting policies (continued)

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Exploration and evaluation expenditure

Acquisition, exploration and evaluation costs associated with mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Each area of interest is also reviewed annually, and acquisition costs written off to the extent that they will not be recoverable in the future.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 1. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation expenditure

Exploration and evaluation costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

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 company 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 company 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 company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 3. Other income

	2019 \$	2018 \$
Interest income	<u>1</u>	<u>574</u>

Note 4. Expenses

	2019 \$	2018 \$
Loss before income tax includes the following specific expenses:		
<i>Impairment</i>		
Impairment of exploration expenditure previously capitalised	109,044	-
Total impairment expense	<u>109,044</u>	<u>-</u>

Note 5. Current assets - cash and cash equivalents

	2019 \$	2018 \$
Cash at bank	<u>1,703</u>	<u>3,529</u>

Note 6. Current assets - trade and other receivables

	2019 \$	2018 \$
GST/VAT receivable	<u>1,749</u>	<u>1,009</u>

Note 7. Non-current assets – Exploration and evaluation expenditure

	2019 \$	2018 \$
Opening balance	100,734	-
Expenditure capitalised during the period	334,128	100,734
Impairment of exploration expenditure ⁽¹⁾	<u>(109,044)</u>	<u>-</u>
Closing balance	<u>325,818</u>	<u>100,734</u>

⁽¹⁾ During the 2019 financial year, the Company chooses not to renew tenements related to the Lokken, Killingdal, and Storwatz projects following a third party and internal review of their perspective.

Note 8. Current liabilities - Trade and other payables

	2019 \$	2018 \$
Trade payables	-	10,970

Note 9. Non-current liabilities – Borrowing

	2019 \$	2018 \$
Loan due to Vulcan Energy Resources Limited, parent entity*	444,158	96,226

*The loan due to the parent entity is unsecured and interest free

Note 10. Equity - Issued capital

	2019 Shares	2018 Shares	2019 \$	2018 \$
Ordinary shares - fully paid	100	100	100	100

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Note 11. Equity – Accumulated losses

	2019 \$	2018 \$
Accumulated losses at the beginning of the period	2,024	-
Loss after income tax expense for the year	112,964	2,024
Accumulated losses at the end of the financial year	114,988	2,024

Note 12. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	2019 \$	2018 \$
<i>Audit services</i>		
Audit of the financial statements	5,500	-

Note 13. Contingent liabilities

The company had no contingent liabilities as at 30 June 2019 (2018: nil).

Note 14. Commitments

The company had no commitments for expenditure as at 30 June 2019 (2018: nil).

Note 15. Parent entity

The parent entity is Vulcan Energy Resources Limited (incorporated in Australia), which at 30 June 2019 owned 100% of the issued share capital of the company.

Note 16. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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

Note 17. Reconciliation of loss after income tax to net cash from operating activities

	2019	2018
	\$	\$
Loss after income tax expense for the year	(112,964)	(2,024)
Adjustments for:		
Impairment	109,044	-
Change in operating assets and liabilities:		
Trade and other receivables	(740)	(1,009)
Trade and other payables	(10,970)	10,970
Net cash from operating activities	<u>(15,630)</u>	<u>7,937</u>

Kuniko Limited
Directors' declaration
30 June 2019

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Kuniko Limited;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the year then ended; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Gavin Rezos
Director

16 March 2021

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
KUNIKO LIMITED**

Opinion

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

In our opinion, the accompanying financial report of the Company 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 then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 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 Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

Basis of Accounting

We draw attention to Note 1, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Other Information

The directors are responsible for the other information. The other information comprises the directors' report but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the basis of accounting as described in Note 1 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 Company 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 have no realistic alternative but to do so.

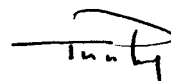
Auditor's Responsibilities for the Audit of the Financial Report

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 at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 16 March 2021