

Kuniko Limited

(formerly Koppar Resources Europe Pty Ltd)

ABN 99 619 314 055

Interim Report - 31 December 2020

Kuniko Limited
Directors' report
31 December 2020

The directors present their report, together with the financial statements of Kuniko Limited (referred to hereafter as the 'company' or 'Kuniko') at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Kuniko Limited during the whole of the half-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 half-year, the principal continuing activities of the company consisted of exploration activities.

Review of operations

The loss for the half-year, after providing for income tax amounted to \$252,950 (31 December 2019: \$94,507).

During the half-year, the company acquired additional tenements to bolster the portfolio in preparation for an expected spin-off and IPO.

The company changed from a private entity to a public entity on 22 October 2020 and changed its name from Koppar Resources Europe Pty Ltd to Kuniko Limited on 22 October 2020.

Significant changes in the state of affairs

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

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Gavin Rezos
Director

16 March 2021

RSM Australia Partners

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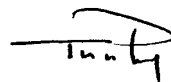
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Kuniko Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 16 March 2021

Kuniko Limited
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General information

The financial statements cover Kuniko Limited at the end of, or during, the half-year. 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.

Kuniko Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Revenue			
Other income		-	-
Expenses			
Administrative expenses		(15,004)	(15,833)
Compliance and regulatory expenses		(607)	-
Consulting and legal fees		(8,601)	(192)
Impairment expense	3	(228,663)	(77,742)
Other expenses		(9)	(257)
Foreign exchange loss		(66)	(483)
		<hr/>	<hr/>
Loss before income tax expense		(252,950)	(94,507)
Income tax expense		<hr/> -	<hr/> -
Loss after income tax expense for the year attributable to the owners of Kuniko Limited		(252,950)	(94,507)
Other comprehensive loss for the year, net of tax		<hr/> -	<hr/> -
Total comprehensive loss for the year attributable to the owners of Kuniko Limited		<u>(252,950)</u>	<u>(94,507)</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 31 December 2020

	Note	31 Dec 2020	30 Jun 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,691	1,729
Trade and other receivables		1,489	1,493
Total current assets		<u>3,180</u>	<u>3,222</u>
Non-current assets			
Exploration and evaluation expenditure	3	<u>201,097</u>	<u>300,815</u>
Total non-current assets		<u>201,097</u>	<u>300,815</u>
Total assets		<u>204,277</u>	<u>304,037</u>
Liabilities			
Current liabilities			
Trade payables		24,735	668
Total current liabilities		<u>24,735</u>	<u>668</u>
Non-current liabilities			
Borrowings	4	<u>749,887</u>	<u>620,764</u>
Total non-current liabilities		<u>749,887</u>	<u>620,764</u>
Total liabilities		<u>774,622</u>	<u>621,432</u>
Net liabilities		<u>(570,345)</u>	<u>(317,395)</u>
Equity			
Issued capital		100	100
Accumulated losses		<u>(570,445)</u>	<u>(317,495)</u>
Total deficiency in equity		<u>(570,345)</u>	<u>(317,395)</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 half-year ended 31 December 2020

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	100	(114,988)	(114,888)
Loss after income tax expense for the year	-	(94,507)	(94,507)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the half-year	-	(94,507)	(94,507)
Balance at 31 December 2019	<u>100</u>	<u>(204,495)</u>	<u>(209,395)</u>
	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	100	(317,495)	(317,395)
Loss after income tax expense for the year	-	(252,950)	(252,950)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the half-year	-	(252,950)	(252,950)
Balance at 31 December 2020	<u>100</u>	<u>(570,445)</u>	<u>(570,345)</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 half-year ended 31 December 2020

	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		<u>(216)</u>	<u>(16,767)</u>
Net cash used in operating activities		<u>(216)</u>	<u>(16,767)</u>
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		<u>(128,945)</u>	<u>(30,334)</u>
Net cash used in investing activities		<u>(128,945)</u>	<u>(30,334)</u>
Cash flows from financing activities			
Advance from parent entity		<u>129,123</u>	<u>46,398</u>
Net cash from financing activities		<u>129,123</u>	<u>46,398</u>
Net (decrease) in cash and cash equivalents		<u>(38)</u>	<u>(703)</u>
Cash and cash equivalents at the beginning of the financial half-year		<u>1,729</u>	<u>1,703</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>1,691</u></u>	<u><u>1,000</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going concern

As disclosed in the financial statements, the Company incurred a loss of \$252,950 and had net cash outflows from operating and investing activities of \$216 and \$128,945 respectively for the half-year ended 31 December 2020. As at that date, the Company has net liabilities of \$570,345. As disclosed in Note 4, the amount due to Vulcan Energy Resources Limited as at 31 December 2020 amounted to \$749,887.

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.

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.

Note 2. Segment Reporting

The Company operates only in one reportable segment being predominantly in the area of copper and zinc mineral exploration in Norway. The Board considers its business operations in copper and zinc mineral exploration to be its primary reporting function. Results are analysed as a whole by the chief operating decision maker, this being the Board of Directors. Consequently, revenue, profit or loss, net assets, total assets and total liabilities for the operating segment are reflected in this financial report.

Note 3. Non-current assets – Exploration and evaluation expenditure

	31 Dec 2020	30 Jun 2020
Opening balance	300,815	325,818
Additions through expenditure	128,945	160,238
Impairment expense ⁽¹⁾	(228,663)	(185,241)
Closing balance	<u>201,097</u>	<u>300,815</u>

⁽¹⁾ As at 31 December 2020 the Company impaired the capitalized exploration and evaluation expenditure of the Grimsdalen, Tverrfjellet, Trondelag and Innerdalen projects as these tenements have been relinquished.

Note 4. Non-current liabilities – Borrowings

	31 Dec 2020 \$	30 June 2020 \$
Loans to Vulcan Energy Resources Limited (Parent entity)*	<u>749,887</u>	<u>620,764</u>

*The loan due to parent entity is unsecured, interest free and do not expect to be repaid for at least twelve months after the financial report is issued.

Note 5. Contingent liabilities

The company had no contingent liabilities as at 31 December 2020 (2019: nil).

Note 6. Commitments

The company had no commitments for expenditure as at 31 December 2020 (2019: nil).

Note 7. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing. 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 matter or circumstance has arisen since 31 December 2020 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.

Kuniko Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', 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 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(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 REVIEW REPORT
TO THE MEMBERS OF
KUNIKO LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kuniko Limited (the Company) which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kuniko Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Kuniko Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kuniko Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 16 March 2021