



**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**



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## **DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2019**

Your Directors present their report on the entity for the year ended 30 June 2019.

### **Directors**

The names and details of the Company's Directors in office at any time during the financial year and until the date of this report (unless otherwise stated) are detailed below.

Chris Sutherland – Non-Executive Director / Chairman (appointed 30 April 2020)

Peter McIntyre – Non-Executive Director (appointed 1 May 2021)

Greg Hall – Non-Executive Director (appointed 1 May 2021)

Dr Antonio Belperio – Non-Executive Director (appointed 1 May 2021)

Rance Dorrington – Non Executive Director (resigned as Director 11 May 2021) / Company Secretary (continuing)

Martin Spivey – Non-Executive Director (resigned 11 May 2021)

Chris Reindler—Non Executive Director (resigned 30 April 2020)

### **Principal Activities**

The principal continuing activities of the entity during the financial year was the acquisition of exploration tenements and exploration for minerals.

There were no changes in the nature of the activities of the entity during the year.

### **Operating Results**

The net operating loss of the entity for the financial year ended 30 June 2019 after income tax amounted to \$706,192.

### **Dividends Paid or Recommended**

No dividend was paid or declared during the financial year and the Directors do not recommend the payment of a dividend.

### **Review of Operations**

The Company continues to operate solely as a minerals exploration company with licenses located solely within the Gawler Craton region of South Australia. The Company has or expects to have access to sufficient funds to continue with planned exploration efforts on those licenses that the Company intends to continue to hold.

### **Significant Changes in the State of Affairs**

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



## **DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2019**

### **Events since the end of the year**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2019, 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.

In December 2020, the Company established an ESOP and issued unvested rights for 1,500,000 options for the benefit of the Directors in office on 11 December 2020. Details of the issue of these options are disclosed at Note 11.

In July 2020, the Company issued 22,454,814 ordinary shares to Macallum Group Ltd and 1,800,000 shares to Chris Reinlder as consideration for the purchase of all mineral exploration tenements held by these parties located within the Gawler Craton area of South Australia.

In July and August 2020, the Company completed a rights issue which commenced in May / June 2020 and issued an additional 700,000 ordinary shares at \$0.10 per share with 700,000 attached free options with an exercise price of \$0.10.

In February 2021, the Company completed a rights issue, with the issue of 3,382,227 ordinary shares at \$0.15 per share to raise \$507,334.

In April 2021, the Company proposed to seek a listing on the ASX as soon as possible with an Initial Public Offer "IPO" to be made via the issue of a prospectus to raise a minimum of A\$7M and maximum of A\$12M. All legal and other requirements to prepare for this have been commenced and are currently under way.

As a result of the planned IPO, in May 2021 the board have triggered an early call for the exercise of 100% of the issued options, being 4,430,000 10c options issued to subscribers in 2020 together with 1,500,000 10c options issued to the directors holding office in December 2020.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### **Environmental Regulations**

The entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes there are adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply.

### **National Greenhouse and Energy Reporting Act 2007**

The Directors consider the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Company for the current nor subsequent financial year. The Directors will reassess this position as and when the need arises.

### **Corporate Governance**

The Company is not currently listed and is therefore still in the process of preparing Corporate Governance policies and is yet to publish a Statement in relation to Corporate Governance. The Company's Policies, Charters and Procedures are to be made available on the Company's website in due course.



## DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2019

### Information on Directors and Secretary

Names, qualifications, experience and special responsibilities of current directors and company secretary:

#### Director & Board Chair — Appointed 30 April 2020 — **Chris Sutherland**

An experienced executive who has held senior management positions in a number of engineering, maintenance and contracting businesses with operations in Australia, Asia, Europe and the USA. Until his retirement in 2019, Chris was MD and Group CEO of Programmed, prior to its acquisition by the listed Japanese company Persol.

#### Director — Appointed 1 May 2021 — **Peter McIntyre**

An engineer with over 30 years of experience in the minerals industry including developing and operating gold and nickel mines in Australia. Peter established and was Managing Director of Extract Resources Ltd which discovered the Husab uranium deposit in Namibia, which was subsequently divested to CGNPC for A\$2.2 billion.

#### Director — Appointed 1 May 2021 — **Greg Hall**

Mining Engineer, 30 years in uranium mine management and CEO roles, including current Managing Director of Alligator Energy (ASX:AGE). Management roles at WMC Olympic Dam & nickel mines, LKAB Iron Ore (Sweden), ERA Ranger and Jabiluka Uranium. International commodities marketing with Rio Tinto Uranium and Bauxite Alumina groups. Founding MD of Toro Energy Ltd.

#### Director — Appointed 1 May 2021 — **Dr Antonio Belperio**

Highly regarded geologist with 25 years global and Australian experience in copper gold exploration and over arching exploration strategies. Tony played a lead role in the discovery of the Prominent Hill IOCG deposit in 2001, and the Artemis and Jericho polymetallic deposits in the Cloncurry District during the period 2014 to 2017

#### Director & Company Secretary—Appointed 19 October 2017 — Resigned as Director — 11 May 2021 — **Rance Dorrington**

An accountant and Company Secretary with extensive international, capital market & corporate governance experience. Formerly CFO/Company Secretary for Extract Resources Ltd.

#### Director —Appointed 22 May 2019 — Resigned — 11 May 2021—**Martin Spivey**

A geologist with broad global exploration, evaluation and mining experience on multiple commodities. Responsible for the discovery of the +500m.lb Husab uranium deposit in Namibia.

#### Director — Appointed 19 October 2017 — Resigned — 30 April 2020 — **Chris Reindler**

A geologist with broad global exploration, evaluation and mining experience on multiple commodities.

### Shares under option

At the date of this report there were no unexercised options.



## DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2019

### Indemnification and Insurance of Directors and Officers

During the financial year, the Company has not maintained any insurance policy which indemnifies the Directors and Officers of CSA in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Company.

### Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporation 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.

No proceedings have been brought or intervened in on behalf of the company with leave of the court under section 237 of the Corporation Act 2001.

### Non-audit Services

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, will not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and

None of the proposed services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year, no fees were paid or payable for non-audit services by BDO (WA) Pty Ltd and its related practices. BDO (WA) Pty Ltd was however engaged to provide an Independent Assurance Report for inclusion with the issue of a prospectus proposed by the Company to be issued in June / July 2021.

### Auditor's Independence Declaration

The Auditor's Independence Declaration, as required under Section 307c of the Corporations Act 2001, for the financial year ended 30 June 2019 has been received and can be found on page 7.

This report is made in accordance with a resolution of directors.

Dated this 3rd September 2021

Director

A handwritten signature in black ink, appearing to be "L. B. B.", is written over a faint rectangular box.



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**DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF COPPER SEARCH AUSTRALIA PTY LTD**

As lead auditor of Copper Search Australia Pty Ltd 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.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'J Prue', is written in a cursive style.

**Jarrad Prue**

**Director**

Perth, 3 September 2021



**STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	YEAR ENDED 30 JUNE 2019 \$
<b>Revenue and Income</b>		
Interest revenue		16
R & D tax incentive refund		388,612
<b>Total revenue and income</b>		<b>388,628</b>
<b>Expenses</b>		
Administration and corporate expenses	2	(14,092)
Exploration expenses written off as incurred	2	(1,080,728)
<b>Total expenses</b>		<b>(1,094,820)</b>
<b>Loss before income tax</b>		<b>(706,192)</b>
Income tax expense	3	-
<b>Loss after income tax attributable to members of Copper Search Australia Pty Ltd</b>		<b>(706,192)</b>
Other comprehensive loss net of tax		-
<b>Total comprehensive loss</b>		<b>(706,192)</b>
<b>Loss per share for the year attributable to the members of Copper Search Australia Pty Ltd</b>		<b>Cents Per Share</b>
Basic loss per share	4	(11.80)

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





**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

	Note	30 JUNE 2019 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	5	277,405
Other receivables	6	500,584
<b>Total Current Assets</b>		<b>777,989</b>
<b>Total Assets</b>		<b>777,989</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	8	43,727
<b>Total Current Liabilities</b>		<b>43,727</b>
<b>Total Liabilities</b>		<b>43,727</b>
<b>Net Assets</b>		<b>734,262</b>
<b>Equity</b>		
Issued capital	9	2,156,512
Accumulated losses		(1,422,250)
<b>Total Equity</b>		<b>734,262</b>

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**

	<b>Issued Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	450,000	-	(716,058)	(266,058)
Loss for the year	-	-	(706,192)	(706,192)
Other comprehensive income / (loss)	-	-	-	-
<b>Total comprehensive loss for the year net of tax</b>	-	-	<b>(706,192)</b>	<b>(706,192)</b>
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital during the year	1,706,512	-	-	1,706,512
<b>Balance at 30 June 2019</b>	<b>2,156,512</b>	-	<b>(1,422,250)</b>	<b>734,262</b>

The above 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**

	<b>Note</b>	<b>YEAR ENDED 30 JUNE 2019 \$</b>
<b>Cash flows from operating activities</b>		
Interest received		16
Other income		-
Payments to suppliers (Including GST)		(1,066,240)
<b>Net cash flows used in operating activities</b>	10	<b>(1,066,224)</b>
 <b>Cash flows from investing activities</b>		
<b>Net cash flows used in investing activities</b>		-
 <b>Cash flows from financing activities</b>		
Proceeds from issue of shares		1,231,736
<b>Net cash flows from financing activities</b>		<b>1,231,736</b>
 <b>Net increase / (decrease) in cash and cash equivalents held</b>		 <b>165,512</b>
Add opening balance of cash and cash equivalents		111,893
<b>Closing cash and cash equivalents at end of year</b>		<b>277,405</b>

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



## NOTES TO THE FINANCIAL STATEMENTS

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements and notes represent those of Copper Search Australia Pty Ltd (“CSA” or the “Company”).

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

#### **(a) Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The Company is a for-profit entity for the purposes of preparing these financial statements.

#### Compliance with IFRSs

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

#### Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS 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.

#### Early Adoption of Standards

The Company has not elected to apply any pronouncements before their operative date for the annual reporting period beginning 1 July 2018.

#### **Going Concern**

The financial statements for the year ended 30 June 2019 have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activities, realisation of assets and settlement of liabilities in the normal course of business .

During the year, the Company recorded a loss of \$706,192 and had net cash outflows from operating activities of \$1,066,224.

The Company will require additional funding to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration activities and meeting its annual tenement expenditure commitments.

The ability of the Company to continue as a going concern is dependent upon the Company securing additional funding through raising equity by way of an IPO or other means or undertaking a whole or partial sale of interests in its mineral exploration assets.

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



## NOTES TO THE FINANCIAL STATEMENTS

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Going Concern (Continued)**

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Company will be able to raise additional funds to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis as the Company is currently in the process of preparing for an IPO. Should the IPO not proceed or be delayed, the Company may:

- Scale back certain activities that are non-essential so as to conserve cash;
- Undertake a whole or partial sale of interests in mineral exploration assets, and
- Raise capital by means other than the IPO.

Should the Company not be able to continue as a going concern it may be required to realise assets and discharge liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

#### **(b) Segment Reporting**

Operating segments where they exist 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.

#### **(c) Foreign Currency Translation**

##### **i) Functional and Presentation Currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

##### **ii) Transactions and Balances**

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss and Other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Transaction difference on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.



## NOTES TO THE FINANCIAL STATEMENTS

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(d) Revenue Recognition**

##### i) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

##### ii) Revenue

Revenue is recognised when the control of the goods has been transferred to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **(e) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and short-term deposits.

#### **(f) Trade and Other Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less Expected Credit Loss. Trade receivables are generally due for settlement between thirty (30) and ninety (90) days from the date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after reporting date.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The movement in the provision is recognised in profit or loss.

##### *Expected credit losses of financial asset at amortised cost*

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### **(g) Other Financial Assets**

##### Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial report date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method.



## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **(h) Exploration, Evaluation and Development Expenditure**

Expenditure on the acquisition and evaluation of exploration assets is accounted for in accordance with the area of interest method which is closely aligned to the US GAAP based successful efforts method of accounting for minerals exploration and evaluation expenditure.

This method allows the costs associated with the acquisition and evaluation of a prospect to be aggregated on the Statement of Financial Position and matched against the benefits derived from commercial production once this commences.

Expenditure incurred directly on exploration for minerals prior to an area of interest being identified and confirmed as containing potentially economic mineralisation are written off immediately as and when they are incurred.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are treated as exploration or evaluation expenditure.

#### **(i) Impairment of Exploration and Evaluation Assets**

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the assets carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts. The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements; and
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities

#### **(j) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year, which remain unpaid at year end. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised at fair value on initial recognition and subsequently at amortised cost, using the effective interest rate method.

#### **(k) Employee Benefits**

##### **i) Short Term Obligations**

Where paid, liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Where incurred, profit sharing and bonus plans are recognised as expenses in profit or loss. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

##### **ii) Share Based Payments**

Where share based compensation benefits are provided to employees as options, the fair value of the options is to be recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.



## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **(l) Borrowing Costs**

Borrowing costs are recognised as an expense as and when incurred.

#### **(m) Income Tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income.

Deferred income tax is provided on all temporary differences at the statement of financial position date, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and are recognised for all taxable temporary differences:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses to the extent it is probable that future taxable amounts will be available to utilise those temporary differences and losses:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future extent that it is probable that the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

#### **(n) Goods and Services Tax (GST)**

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

Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and

Receivables and payables are stated with the amount of GST included.

- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.
- Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

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





## NOTES TO THE FINANCIAL STATEMENTS

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***(o) 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 proceeds.

#### ***(p) Earnings per Share***

##### **i) Basic Earnings per Share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

##### **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 share and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### ***(q) Research & Development Expenditure — Taxation Incentive***

The Company has incurred expenditure that it has claimed a taxation incentive for Research & Development costs incurred. Any payment that is due and receivable as a result of any claim is recognised as revenue in the year in which the claim is lodged and the relevant taxation return is lodged.

#### ***(r) New Accounting Standards and Interpretations***

A number of new or amended standards became applicable for the current reporting period. The Company has not had to change its accounting policies as a result of the adoption of the following standards as the Company has no leases:

- **AASB 16 Leases**

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



## NOTES TO THE FINANCIAL STATEMENTS

### **2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

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

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) Estimated Impairment*

The Company tests annually whether any capitalised acquisition and evaluation expenditure for minerals properties have suffered any impairment, in accordance with the accounting policy stated in note 1(i). During the year the Company recognised \$Nil (2019: Nil) of impairment on acquisition and evaluation expenditure. Where required the recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions like commodity price and production quantity.

#### *(ii) Income Taxes*

The Company expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

#### *(iii) 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 entity based on known information. This consideration extends to the nature of the supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

#### *(iv) Share Based Payments*

The fair value of options in the shares of the Company where they are issued to Directors and other parties is recognised as an expense in the financial statements in relation to the granting of these options. The fair value is determined by using either the Binomial or Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### *(v) Acquisition of Assets*

In determining whether an acquisition is a business combination or an asset acquisition, management apply significant judgement to assess whether the net assets acquired constitute a 'business' in accordance with AASB 3. Under that standard, a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and necessarily consists of inputs, processes, which when applied to those inputs, have the ability to create outputs. Judgement is also exercised in determining the value of the net assets acquired and consideration paid.



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED

30 JUNE 2019

\$

### NOTE 2 — EXPENSES

Administration and Corporate Expenses includes:-

Other administration and corporate expenses	14,092
	<u>14,092</u>

Exploration expenses written off as incurred includes:-

Exploration costs expensed	1,080,728
	<u>1,080,728</u>

### NOTE 3 — INCOME TAX

Income tax is not payable by the Company as both current year and carried forward tax losses are available for income tax purposes. Consequently current tax, deferred tax and tax expense are reported as \$Nil in all reporting years to date.

The prima facie income tax expense/(income) on pre-tax accounting loss from operations reconciles to the income tax expense/(income) in the financial statements as follows:-

YEAR ENDED

30 JUNE 2019

\$

Loss from continuing operations	(706,192)
Income tax expense/(benefit) calculated at 27.5%	(194,203)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	194,203
Income tax attributable to operating loss	<u>-</u>

Unrecognised deferred tax balances:-

Deferred tax asset from accumulated tax losses	<u>267,369</u>
--	----------------

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Net deferred tax assets have not been brought to account as it is not probable that immediate future profits will be available against which deductible temporary differences and tax losses can be utilised.



## NOTES TO THE FINANCIAL STATEMENTS

	YEAR ENDED
	30 JUNE 2019
	\$
<b>NOTE 4 — LOSS PER SHARE</b>	
<b>Loss attributable to ordinary equity holders of the Company used in calculation of basic loss per share</b>	
Loss from continued operations / loss for the year	(706,192)
	<b>Cents</b>
<b>Basic and dilutive loss per share (cents per share)</b>	<b>(11.80)</b>
	<b>Number</b>
<b>Weighted average number of ordinary shares outstanding during the year used in calculation of basic and dilutive loss per share</b>	<b>5,985,186</b>

<b>NOTE 5 — CASH AND CASH EQUIVALENTS</b>		<b>\$</b>
Cash at bank	277,405	

### **NOTE 6 — TRADE AND OTHER RECEIVABLES**

Other receivables	
GST refund due	3,812
R & D refund due	496,772
	<b>500,584</b>

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

### **NOTE 7 — DEFERRED EXPLORATION EXPENDITURE ACQUISITION COSTS**

Exploration expenditure is expensed directly to the statement of profit or loss as and when it is incurred and is included as part of cash flows from operating activities in the period in which it is paid. Exploration costs are capitalised only where they result from an acquisition or contribution. Any costs that are carried forward that relate to any area of interest that has been abandoned are written off in the year that the decision to abandon is made.

	30 JUNE 2019
	\$
Deferred exploration expenditure acquisition costs brought forward	450,000
Provision for Impairment of Deferred exploration expenditure	(450,000)
Deferred exploration expenditure acquisition costs carried forward	-

Recoupment of exploration acquisition costs carried forward is dependent upon the successful development and commercial exploitation or the sale of an area of interest.



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED

30 JUNE 2019

\$

### NOTE 8 — TRADE AND OTHER PAYABLES

#### Current trade and other payables

Trade creditors	43,727
-----------------	--------

These amounts are expected to be settled within 12 months.

Due to the short term nature of these payables, their carrying amount is assumed to approximate their fair value.

30 JUNE 2019

Number of Shares

\$

### NOTE 9 — ISSUED CAPITAL

#### Issued Capital—Ordinary Shares

10,125,186	2,156,512
------------	-----------

#### Movements in ordinary share capital

Opening balance— 1 July 2018	200	450,000
Issue of shares for payout of shareholder loans—July 2018 *	5,744,986	1,268,512
Issue of shares to subscribers—June 2019	4,380,000	438,000
Closing balance— 30 June 2019	10,125,186	2,156,512

\* Funds were provided by way of loans under a shareholder agreement which was subsequently cancelled with all funds provided being repaid with the issue of fully paid ordinary shares.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED  
30 JUNE 2019

Number of Options \$

**NOTE 9 — ISSUED CAPITAL (CONTINUED)**

Issued Capital—Options to acquire Ordinary Shares

	Nil	-
<hr/>		
Movements in options		
Opening balance— 1 July 2018	-	
Issue of options— June 2019	-	
<hr/>		
Closing balance— 30 June 2019	-	
<hr/>		

30 JUNE 2019  
\$

**NOTE 10 — CASH FLOW INFORMATION**

Reconciliation of cash flow from operations with loss from continuing operations after income tax.

<b>Loss after income tax</b>	<b>(706,192)</b>
<b>Non cash flows in loss</b>	
Increase / (decrease) in trade creditors	5,957
(Increase) / decrease in trade and other receivables	(365,989)
<hr/>	
<b>Cash outflows from operations</b>	<b>(1,066,224)</b>
<hr/>	

**NOTE 11 — RELATED PARTY TRANSACTIONS**

**(a) Parent Entity**

The ultimate parent entity that exercises control over the Company is Macallum Group Ltd “Macallum” which is incorporated in Australia. Macallum presently holds 54% of all issued ordinary shares (0% of issued options).

During the years ended 30 June 2018 and 30 June 2019, Macallum had provided shareholder loan funding together with all other shareholders in proportion to shareholdings at the time. Funding was provided under the terms of a Shareholders Agreement dated 16 June 2017. With effect from 12 January 2019 this agreement was cancelled and all holders swapped the dollar value of loan balances for the issue of ordinary shares equal to the amount of loans outstanding. No interest was charged or paid in relation to the loans due to the short term that funds were outstanding.

Macallum has provided and continues to provide services for the management and operations of the Company, including corporate services and operation and management of exploration activities. These services are recharged to the Company as a monthly charge to cover general management and corporate services, together with charges to cover additional costs for exploration activities based on time sheet data of Macallum staff charged at the full cost of providing the personnel involved. Retired Directors Martin Spivey and Rance Dorrington are paid employees of Macallum.



## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 11 — RELATED PARTY TRANSACTIONS (CONTINUED)**

#### **(a) Parent Entity (Continued)**

As part of the agreement by all shareholders to terminate the Shareholders Agreement dated 16 June 2017, Macallum together with former director Chris Reindler agreed to transfer all exploration titles held or under application located within the Gawler Craton in South Australia from Macallum and Chris Reindler to Copper Search Australia Pty Ltd. The application for transfer of all titles was made in July 2020 and all transfers were consented to by the Minister in August 2020.

The result of the above transfers and from applications made directly in the name of Copper Search Australia Pty Ltd is that at the date of this report, the Company holds all rights and titles to exploration properties now held within South Australia 100%, unencumbered and without any joint venture or royalty obligations.

#### **(b) Subsidiaries**

Since incorporation and up to the date of this report the Company has no interests in wholly owned or controlled entities.

#### **(c) Transactions with other related parties**

There has been no other transactions with related parties.

### **NOTE 12 — DIVIDENDS**

No dividend was paid or declared during the year and the Directors have not recommended the payment of any dividend.

### **NOTE 13 — COMMITMENTS**

The company had no commitments at 30 June 2019.

### **NOTE 14 — CONTINGENCIES**

There were no known contingent liabilities or contingent assets at 30 June 2019.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 15 — EVENTS SUBSEQUENT TO REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Company up to 30 June 2020, 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.

In December 2020, the Company established an ESOP and issued unvested rights for 1,500,000 options for the benefit of the Directors in office on 11 December 2020. Details of the issue of these options are disclosed at Note 11.

In July 2020, the Company issued 22,454,814 ordinary shares to Macallum Group Ltd and 1,800,000 shares to Chris Reindler as consideration for the purchase of all mineral exploration tenements held by these parties located within the Gawler Craton area of South Australia.

In July and August 2020, the Company completed a rights issue which commenced in May / June 2020 and issued an additional 700,000 ordinary shares at \$0.10 per share with 700,000 attached free options with an exercise price of \$0.10.

In February 2021, the Company completed a rights issue, with the issue of 3,382,227 ordinary shares at \$0.15 per share to raise \$507,334.

In April 2021, the Company proposed to seek a listing on the ASX as soon as possible with an Initial Public Offer “IPO” to be made via the issue of a prospectus to raise a minimum of A\$7M and maximum of A\$12M. All legal and other requirements to prepare for this have been commenced and are currently under way.

As a result of the planned IPO, in May 2021 the board have triggered an early call for the exercise of 100% of the issued options, being 4,430,000 10c options issued to subscribers in 2020 together with 1,500,000 10c options issued to the directors holding office in December 2020.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### NOTE 16 — SEGEMENT REPORTING

The Company operates entirely within the business of minerals exploration and only within one geographical area being the Gawler Craton region of South Australia and therefore considers that there is no requirement for additional reporting based on any divisions or segments.

30 JUNE 2019

\$

### NOTE 17 — AUDITORS REMUNERATION

Amounts received / estimated as due and receivable by the auditor for:

Auditing the financial statements, including audit review—both years	-
Other services	-
<b>Total remuneration of auditors</b>	<b>-</b>





## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 18 — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

#### **Interest revenue**

Interest revenue is recognised as it accrues, taking into consideration the effective yield on the financial asset.

The Company's financial instruments comprises mainly cash. The main purpose of this financial instrument is for the provision of working capital for the operations of the Company.

The Company has other financial instruments such as sundry debtors and trade creditors which arise as a normal part of the Company's operations.

Throughout the financial year and up to the date of this report the Company has not undertaken any trading in financial instruments and no trading in such will be permitted under the policies proposed to be established for the Company prior to the planned ASX listing.

The main risk associated with financial instruments is interest rate risk as summarised below.

#### **Interest rate risk**

At 30 June 2019 the Company's exposure to market risk for interest rates is primarily related to the Company's cash held.

The Company has not to date considered its exposure to interest rate risks as no significant cash balances have been held and the additional cost of formally monitoring such balances would likely outweigh any benefits received by doing so. This policy is likely to change if and when significant balances are held in future periods.

#### **Liquidity risk**

The Company has no significant exposure to liquidity risk as there is significant debts. The Company manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained and operations are planned to occur only where funds are available to do so.

#### **Credit risk**

Credit risk is the risk of a counter party defaulting with contractual obligations causing financial loss to the Company. The Company currently has no significant contractual arrangements that would cause substantial loss other than in relation to cash held. Cash is presently only held within the Commonwealth Bank of Australia. Risk management policies concerning credit risk and cash balances are as yet to be formulated by the Company.

### **NOTE 19 — CAPITAL MANAGEMENT POLICY**

To date the Company has operated with minimal capital requirements and shareholders have contributed funds as and when required for the continuing operations of the Company. For future operations post any proposed IPO and listing on the ASX the Company may consider and implement a suitable Capital Management Policy but to date has not done so.

### **NOTE 20 — REMUNERATION OF KEY MANAGEMENT PERSONNEL "KMP"**

Up to and including the financial year ended 30 June 2019 there has been no remuneration paid to any Directors or any KMP. Subsequent to the end of the year the Directors in office were granted the right to options under an ESOP put in place for this purpose. At December 2020 when the rights were granted none of the options were vested. In May 2021 the board resolved to vest 100% of the options and to call for exercise of the options on or before the 10 June 2021 in order for all issued options to be cleared prior to the proposed IPO and ASX listing of the Company. Details of the options granted are disclosed at Note 11.



## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 21 — SHARE BASED PAYMENTS**

During the year ended 30 June 2019 the Company settled the following amounts due and payable by issuing ordinary shares in full settlement of amounts payable.

	<b>30 JUNE 2019</b>
	\$
Shareholder loans provided under a shareholders agreement settled by a cancellation agreement with the issue of 5,744,986 fully paid ordinary shares at \$0.220803274 per share	1,268,512
Contractor paid with the issue of 150,000 fully paid ordinary shares at \$0.10 per share	15,000
<b>Total share based payments</b>	<hr/> <b>1,283,512</b> <hr/>



## DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 6—26, are in accordance with the Corporations Act 2001 and:
  - a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the company;
- 2) In the Directors' opinion 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 financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
- 4) This declaration has been made after receiving the declaration to be made to the directors in accordance with section 295A of the Corporation Act 2001.

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

A handwritten signature in black ink, appearing to read "Peter McIntyre", is written over a horizontal dotted line.

Peter McIntyre

Director

3 September 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Copper Search Australia Pty Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Copper Search Australia Pty Ltd (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 report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Copper Search Australia Pty Ltd, 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 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material uncertainty related to going concern

We draw attention to Note 1(a) 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 entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



### **Other information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director report, but does not include the financial report and our auditor's report thereon.

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

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

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

### **Responsibilities of the directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the 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:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit (WA) Pty Ltd**

BDO  
A handwritten signature in black ink, appearing to read 'J Prue'.

**Jarrad Prue**

Director

Perth, 3 September 2021